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THE COMMUNIST VIEWPOINT

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CANADA:

THE COMMUNIST VIEWPOINT

by TIM BUCK



pb

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IN LIEU OF DEDICATION:

"I have no end in view but the well-being of the people at large, no ambition but that of contributing to the happiness and prosperity of our common country."

WILLIAM LYON MACKENZIE.

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Foreword

IT SEEMS TO ME that there are three things which make this a vitally important book.

The first is, that at a time of worldwide storm, confusion and uncertainty it provides a firm *sense of direction*: something that's felt as an urgent need by millions of Canadians.

Where are we heading? What is to become of Canada, and the world, in the days ahead? What must we *do* in order to grasp and help to solve the crisis of our time?

These are the questions which find here a clear, practical answer. The current crisis of national policy, the threat of North American fascism, the turning of Canada into the satellite of a Wall Street imperialism that is preparing atomic war—these issues of supreme urgency are dealt with in clear relief, against the background of today's world and of history.

The answer that is given—and this is the second point—is at once practical and scientifically sound: based on that fusion of scientific method and working-class struggle that is the essence of Marxism, here masterfully applied to the most vital of Canadian problems.

The book is a landmark in the history of the labor movement of this country, as the first comprehensive study, in the light of Marxism-Leninism, of the development and present crisis of Canadian monopoly capitalism. It provides a penetrating insight into the fundamentals of Canada's evolution. It will powerfully serve the cause of the fight for peace and democratic advance in our country.

Finally, and far from the least important thing about the book, is the man who wrote it.

Of no other Canadian can it be said, in the same way as it can of the author of this book, that he embodies and expresses the struggles of the working people from sea to sea. From the miners of Cape Breton to the loggers of Vancouver Island, from the farmers on the Saskatchewan to the auto workers of Windsor, from the needle-trades workers of Montreal to the railroaders of Winnipeg—the name of Tim Buck is that of a fighter for the working

class, a tribune of the people: a champion and a comrade, a beacon in the struggle.

And by the same token, his name is denounced and reviled with hysterical frenzy by the minority of rich men who own and rule the country, and by their kept publicists and interested hangers-on.

In this book the outstanding spokesman of the Canadian Communist movement, the National Leader of the Labor-Progressive Party, talks to the labor movement, and to the nation. The position of the Communists on the big questions of Canada's destiny—on the immediate issues and the long-range answers—is here set forth, in a work of live, creative Marxism. In its pages are interwoven a wisdom gained in over thirty years of leading work in the working-class movement; the clarity of working-class science in action; and the passionate enthusiasm for the bright goal of a Socialist Canada that burns like a flame in the leader, the man, and the movement for which he speaks and lives.

In the face of the shadow of threats of atomic catastrophe, in the face of a new fascist onslaught in America, and in the midst of the growing strivings of the people for peace and a better life—this book will strike a telling blow at the enemies of freedom, of peace, of our country's independence: a blow for Canada, for her great Socialist future.

STANLEY B. RYERSON,
NATIONAL ORGANIZATIONAL SECRETARY,
LABOR-PROGRESSIVE PARTY.

TORONTO,
NOVEMBER, 1948.

I. Canada's Crisis of National Policy

1. POST-WAR REALITIES

CANADIANS RETURNING FROM overseas service during the war were amazed at the changes taking place. Even when the military situation was dark, home-comers were impressed by the atmosphere of optimism at home. The people were brighter, more carefree and more hopeful than had been the case for many years before the war. Few people understood the source of the national optimism, but everybody recognized it as an accompaniment of the war. The fact is that the confidence, enthusiasm and teamwork derived from the continuous expansion of productive activity in Canada's factories, farms, forests, fisheries and mines.

This is not to minimize the influence of the widespread propaganda activities developed by various government departments. The radio and the screen, as well as printed and oral propaganda, assumed a new importance. They helped to crystallize public appreciation of the life or death character of the struggle against fascism and the need for national and United Nations' unity. But, while important in helping to give direction to public sentiment, those features of our wartime unity were secondary factors. With our freedom from invasion and distance from the active war fronts, the indispensable basis for their success was provided by the fact that every available man and woman was being drawn into the nation's continually expanding effort and becoming conscious of the challenge of "still more to be done," and, just as the Canadians in France during

the first world war made their motto "Can do!" so ever-expanding circles of our people accepted as their home-front motto during the people's war the slogan: "It can be done!"

If the mass unemployment, farm poverty and business bankruptcies which characterized the 1930's had continued during the war, the most brilliant propaganda would have been futile. What happened was exactly the reverse of the situation in the 1930's. A million men and women were drawn into the armed forces. Canadian industries learned the "know how" of producing many things that had never been produced in Canada before. Our overall capacity to produce was expanded rapidly. If the level of industrial activity in 1937, the best year of the decade before the war, is expressed as 100, then the level of economic activity attained by August 1944 equalled 221—expanded two and one-fifth times in five years. Farm production was stepped up phenomenally, stimulated by the increased purchasing power of the Canadian people and the demands of Britain and other allies.

With the expansion of Canada's production our national income grew—reaching more than \$11 billion per year. Direct and indirect war expenditures expanded to \$5 billion per year, an amount greater than our total national income for any but a few of the most prosperous years before the war. Canada became the fourth largest contributor to the might of the United Nations.

Our additional production was used almost entirely for war, and wartime prosperity was not equitably distributed. Wealthy corporations and contractors reaped fabulous profits from government contracts while maintaining wage levels below the minimum necessary for the decent standard of living that Canadian workers desire. Even so, the effects of the wartime prosperity were not limited to any one group or area. Even when the consumption of war materials was at its peak, civilians were able to consume more goods than at any previous period in the history of Canada. Farmers and workers, retailers and professional people, French and

English-speaking Canadians, all felt the warming glow of "wartime prosperity" in varying degrees.

Our wartime economy illustrated in a striking way the material possibility for higher standards of comfort, education and security in Canada. How much we were producing may be illustrated by the fact that the Government was able to spend for war purposes alone an amount equal to \$386.00 per year for every man, woman and child in the country, *more than* \$1,900.00 *per year* for every Canadian family—over and above all that the civilian population was receiving.

The possibility of income increases equal to an average of \$37.00 per week at 1944 prices for every family over and above what they were actually receiving, merely indicates what could be done at the level of production attained then. Far greater possibilities were opened up. Canadian industry was really getting into its stride towards the end of the war. Volume and quality of production were each hitting new high peaks every month. It was agreed by all competent authorities that continued operation at the level of employment established during 1943-44 would establish an annual national income of considerably more than \$13 billion per year at the price level then prevailing. Such a level of the national income, maintained consistently after wartime destruction ended, would make it possible to raise the dollar income of the average Canadian family to double what it was in 1944. Is it to be wondered at, that 500 representatives of the trade union movement took Mr. C. D. Howe seriously when he assured them: "My job as Minister of Post-War Reconstruction will be to guarantee a job and a fair income for everybody able and willing to work"?*

Post-war reconversion made it possible for Canada to produce goods and services in even greater volume than our aggregate production of goods and services for both war and civilian use during the war. The year 1947 witnessed the

* At the annual convention of the Trades and Labor Congress of Canada, Toronto, 1944.

highest level of production ever attained up to that time in Canada. On October 1st the general index of employment was four percent above the highest level recorded at any time during the war. The volume, as well as the gross value of goods and services produced during 1947 exceeded that of any previous year in our history. The aggregate of all the money incomes received by all Canadians during 1947 was two and a half times the total of all the money incomes in 1938.

But, in spite of the fact that more goods and services were being produced and that gross profits during 1947 were three and a half times what they were in 1938, the confidence and optimism which had characterized the war years gave way to frightening uncertainty and pessimism. With the incomes of more than half of our people so low that they paid no income tax, and with the price level soaring upward, millions of Canadians, including bankers, business executives, and men in high public office, as well as labor union and farm leaders, were voicing concern at the evident signs of crisis and mass unemployment on the country's economic horizon. Meantime the crisis which has bedevilled the imperialist sector of the world continuously since the war, became unified, as it were, in the form of an all-pervasive crisis of United States dollars.

With the deepening crisis the official attitude of the Dominion Government changed. The official wartime assurances of peacetime governmental direction of the national economy were replaced by assurances to the interests which oppose the idea of any governmental intervention in the national economy. Mr. Louis St. Laurent declared publicly that the government should intervene only if the profit system was threatened. He assured the monopolists: "No government of which I am a part would ever pass legislation for subsidized housing."

In place of the wartime assurances of post-war devotion to the ideals embodied in the Yalta Accord, the Dominion Government's foreign policy statements during 1947 were

in accord with the aggressive imperialist war aims of the Truman Doctrine. The publicly owned Canadian Broadcasting Corporation was actively engaged in an extensive campaign in support of the idea of another world war—this time against the USSR and the New Democracies of central and south-eastern Europe. By January 1948 the reversal of governmental attitude reached the stage at which Mr. Mackenzie King in effect “justified” the United States drive for world domination and called for military preparations for war against those countries which reject the capitalist system.* Obviously taking his cue from the Prime Minister, L. B. Pearson, Under-Secretary of State for External Affairs, called a week later for organization of a military alliance of all the nations that are prepared to support the policies and aims of which the United States is the outstanding protagonist and, when the estimates of the Department of National Defence came before the House of Commons in June, Mr. Brooke Claxton, the Minister, advocated preparing Canada for war against the USSR. Whereas in 1945 the overwhelming majority of Canadians felt certain that post-war policies would prevent crises, by the end of 1947 nothing appeared certain except the increasing certainty of crisis and the threatening danger of a third world war.

2. THE U.S. DOLLAR CRISIS AND NATIONAL POLICY

As it became evident that changes ushered in by the second world war involved permanent changes in the operation of world economy, there developed recognition that Canada's policies must be changed also. The ideologists of finance-capitalism did not propose new policies aimed to

* Address before the Liberal National Advisory Council, Ottawa, Jan. 20, 1948.

place Canada in the main stream of world development, however; they proposed to make us even more dependent upon the attempt to stop the "tide in the affairs of men."

Throughout the year 1947 the King Government refused to admit the necessity for a far-reaching change in Canada's national economic policy. Instead, the Government pursued policies based upon its claim that the changes ushered in by the war were temporary. Apparently taken in by the Prime Minister's speeches, the Government subordinated the evident need for action to meet the dollar crisis to the protracted Geneva conference on world trade.

All that was accomplished at Geneva was a limited general agreement against discriminatory trade practices and a series of tariff agreements. The Dominion Government, which had supported the United States in pressing the British Government to abolish the empire preferential tariff system, entered into new tariff agreements with the United States and several other countries. The new agreements were to have gone into operation on January 1, 1948, to continue in effect for three years. When announcing its special session of Parliament to be held during December 1947, the Government explained that it was being called to enable the members of the House of Commons to study and approve the Geneva Charter and the new trade agreements in time for them to go into operation on the date arranged. An article in the January issue of *Fortune*,* appearing contemporaneously, made the following revealing comment upon the probable real reason: "The delay, it would appear, was partly the result of an arrangement with Washington by which the brave new world of Geneva was (to be) unveiled before Ottawa revealed the sad state of the present."* Be that as it may, the main business that came before the session which had been called ostensibly to put the new tariff agreements into effect was a plan to set them aside. It was the Abbott Plan. Adopted in the form of a bill to conserve foreign exchange, that plan set aside the

* *Fortune*, January 1948, p. 82: "Austerity to the North."

principle of the Geneva agreements before they went into operation—even before the M.P.s had an opportunity to study their provisions.

Canada's great foreign trade, and the rising level of national production which accompanied its growth, were built up mainly by selling Canadian products to the United Kingdom and other parts of the British Empire. In order that they might secure a share in the protected Canadian market, and a share in the Empire markets in which Canadian products enjoyed important tariff advantages, United States corporations established branch plants or subsidiary corporations in Canada—more than 1800 of them. Important industries, such as the automobile, electrical manufacturing industries, etc., grew up in Canada completely dependent upon United States industries for decisive manufactured components of their finished product.

Importation of a large component of Canada's manufactures from the United States led to a dangerous expansion of Canada's imports from that country over and above what United States citizens bought from Canada. That created no serious problem while the capitalist multi-lateral trade system operated. Part of the difference was counterbalanced by United States investments in subsidiaries and other Canadian enterprises; the balance was paid by using the proceeds of exports to the United Kingdom, India, France, or other countries.

The three-way trade by which Canadians sold Britain and other countries more than they bought from them and used the surplus to pay for goods and services bought from the United States is referred to as the "North Atlantic Triangle." It was, in fact, an integral part of the multi-lateral trade mechanism of capitalism. Before the Second World War, credits established in Japan by the export of Canadian copper or nickel to that country were equally as effective to pay debts incurred in New York as were credits established in Europe. The multi-lateral system of trade and payment was the essential framework of the trade and finan-

cial mechanism of modern capitalism when it dominated world economy.

A special article in the *Financial Post* suggested that the extending trade crisis will force Canada into economic union with the United States. If the United Kingdom turns to an intensified Empire customs union, said the writer, "... what alternative is there for Canada short of gradual if not complete economic union with the United States?"

The *Financial Post* warned that "a breakdown of the 'Atlantic Triangle' would leave only one alternative, namely, radical and revolutionary changes in the entire economic structure of our country . . . In short, a completely new 'national policy' for Canada now seems increasingly inevitable."* Two weeks later the *Financial Post* returned to the subject yet again, this time with a full-page article entitled "Can We Avoid Union With the United States?" The answer was No! For the *Financial Post*, reflecting as it does the influence of the powerful gold-mining, base metal mining and pulp and paper interests, "radical and revolutionary changes" means an attempt to make Canada's economy still more dependent upon the United States.

For such interests the solution advocated by the *Financial Post* would be "gravity." They have secured a firm legal grip upon vast holdings of Canada's natural resources. They see only the United States' market and Wall Street's millions of dollars seeking profitable investment as the other factors necessary to assure them bonanza profits for as long as Canada's forests and mines last.

The proposal attracts a certain amount of support from progressive people, including some workers. They see the majority of workers in the United States enjoying higher wages than Canadian workers in comparable industries. They tend to think of the proposal for "economic union" as a proposal to eliminate barriers against the north-south flow of economic activity. Such people overlook the developments that have resulted from the long operation of those

* *Financial Post*, Sept. 20, 1947: "The Nation's Business."

barriers. They assume that proposals to "integrate" Canada's economy with that of the U.S. means to merge Canadian economy as it is today with U.S. economy—securing all the advantages at little if any cost.

That is a mistaken idea, of course. The advocates of "integration" are not aiming at economic union; on the contrary, they would fight bitterly against it. What they want is that Canadians should concentrate increasingly upon production of raw materials and highly specialized products such as newsprint. Such products, they argue, are needed by U.S. industry and Canada would do better to produce to serve and supply U.S. industry, buying from the U.S. our highly finished manufactured goods such as machinery, automobiles, etc. Such a policy, pursued consistently, could produce only one decisive result: it would transform Canada into an economic colony of the United States.

Reflecting the King Government's penchant for evading issues, the Liberal *Saturday Night* tried for some time to "pooh-pooh" the *Financial Post* headlines. It declared editorially that the dollar crisis "does not for a minute mean that we shall have to form any sort of union with the United States. On the contrary, it means cutting ourselves off from that country to a greater extent . . ."*

Supporting the idea of lower living standards for the masses of the people, which Big Business hopes to impose, the editorial writer hinted that Canadians (some Canadians) "will have to dispense with some things that have been enjoyed until now . . . It means less American goods in our shops, or fewer jaunts to New York or California, and other things like that."**

In that sentence he indicated in advance the type of policy towards which the political thinking of the government was already directed.

The Dominion Minister of Finance made an energetic but unconvincing attempt to assure the people that the

* *Saturday Night*, Toronto, Sept. 13, 1947: "This Is No Crossroads."

***Ibid.*

dollar crisis reflected only a temporary maladjustment. The Prime Minister described the measures taken to meet it as a "detour." The truth is, however, that the causes underlying the dollar crisis and the crisis of world capitalist trade are permanent. They will become increasingly evident and more sharply defined. As the *Financial Post* admitted in its issue of August 30th, 1947:

Our traditional trade system is for the time being smashed. The old and pretty reliable triple-play system by which we sold goods in Britain and converted the sterling proceeds into U.S. dollars with which to pay for our U.S. purchases just isn't working, can't work at present and isn't likely to work for a long time to come.

The editor of the *Financial Post* was right, but the breakdown extends further than trade between Canada, Britain and the United States. A few weeks after those words appeared in print, Australia announced that her imports from Canada would be reduced by thirty percent. A dispatch from Geneva on August 1, 1947, declared as "the opinion of high American sources," that "without British adherence, plans for a world-wide agreement on establishment of new rules to govern international trade, would fall to the ground."* Truly did the *Financial Post* admit: ". . . today's reality is that the multilateral trade system has broken down."

The insoluble contradictions which dominated the International Trade parley at Geneva, the dollar crisis and the breakdown of the Canada, United Kingdom, United States trade and exchange triangle were each but symptoms of the breakdown of the world economic mechanism and relationships of capitalism—or, as its beneficiaries prefer to call it now, "the Free Enterprise System."

Serious spokesmen of Canadian Big Business recognized *within a few months* that the policy adopted so blithely by the Dominion Government resulted in a marked loss of export markets. What is more serious for Canadian capital-

* *Globe and Mail*, Toronto, Aug. 2, 1947.

ism than the immediate decline of export trade, however, is the fact that, in the long run, the policy cannot be operated except at the expense of Canada's economy because it is predicated entirely upon anticipation of world economic conditions that cannot be achieved.

Temporary expedients will not solve the contradiction highlighted by the U.S. dollar crisis—it is a problem of the basic long-term aims of national policy. To solve that problem for Canada we have to change the direction in which a very large proportion of the country's trade moves and, consequently, the character and purpose of a large proportion of our national production. Canada's crisis is a crisis of national policy—not of United States dollars alone. The question that every Canadian must share responsibility for answering is: "What should be the aims of our new national policy? Whose interests should it serve?"

Is our vast and rich and fruitful land to be stripped of her rich natural wealth to supply industries and enrich investors in other countries as part of a program to prepare Canada as "no-man's land" in another insane and ghastly war—or shall Canadians develop industries here to supply our own needs, to develop and utilize our resources on an expanding scale? In other words, should our national policy lead us to become an economic colony of the United States, or to build a greater, richer and more abundant Canada?

3. THE BETRAYAL OF OUR NATIONAL INDEPENDENCE

The extraordinary manner in which the Abbott Plan, with its far-reaching effect upon Canadian economy, was put into effect and the fact that it was in *operation for four weeks* before it was submitted to the House of Commons, emphasized the acuteness of Canada's dollar crisis. When introducing his plan during November the Minister des-

cribed it as "a short-run emergency program." A few days later, as though to emphasize its temporary character, the Minister of Reconstruction gave the people of Canada the Pollyanna-like assurance that ". . . we should be able to balance our trade in a matter of months, and on a high level rather than on a restricted level."*

The most obvious and immediately effective provisions of the Abbott Plan correspond fully with the description "short-run emergency program," but they are only its superficial features. The long-term effects of the emergency provisions upon Canadian economy no less than the general long-term objectives revealed in the Minister's speech to the House of Commons, show that the Abbott Plan has another, not so "short-run" character: it expressed the political and economic objectives of a new national policy. Even if the emergency measures and restrictions, which appeared at first to be its characteristic features, should be discontinued, the long-term objectives indicated by the Minister of Finance will still determine the main lines of development for Canada's economy unless they are replaced by other and truly constructive measures. This is so because the conditions in which Canada's economy and foreign trade developed are changing drastically.

By the fall of 1947, as the Marshall Plan forced the economic division of Europe, there were already accumulating portentous signs of a developing crisis in the imperialist sector of the world, highlighted by the virtual breakdown of its trading system. For Canada it meant that economic development couldn't continue in the old way. Canada's trade with the United States had to be balanced by means other than those which had previously sufficed. The long-range interest of Canada required that all possible effort be made to accomplish the change by producing in Canada many of the products that have until now been imported from the United States. The Government chose instead to reduce our consumption of such products while developing

* C. D. Howe, radio broadcast, Nov. 20, 1947.

a long-term plan of increasing our export of raw materials and specialized products to the United States.

The immediate aim of the Abbott Plan was to cut down Canadian spending on United States goods and services to at least \$350 million per year less than they were during 1947. Its immediately effective provisions were as follows:*

(a) Prohibition of importation of "a wide variety of consumer goods and certain other articles which the government has decided can no longer be permitted to draw on Canada's reserves of foreign exchange."

(b) Restriction of "other types of imports which, though significant and desirable, had grown to excessive proportions in relation to our ability to pay out hard currency."

(c) Import controls on capital goods, including "materials and parts for use in construction and in the manufacture of durable goods." Concerning these three classes of restrictions the Minister of Finance commented that: "... direct restrictions had to be concentrated primarily on finished goods, mostly of a type used by consumers."

(d) A special excise tax of 25 percent "on a wide range of durable consumer goods," including radios, electric refrigerators, washing machines, sewing machines, toasters, stoves, automobiles, etc. In his first announcement that it was going into effect the Minister said, of this and other new taxes imposed: "These new or additional taxes are not being proposed for the purpose of raising revenue. Their purpose is to limit expenditure on these goods and thereby on the steel and other imported materials or parts which they contain." In his explanation of the plan to the members of the House of Commons the Minister said, concerning the purpose of these taxes: "The import of practically all these goods in finished form has been prohibited or placed under quota restrictions . . . The savings, however, would be considerably reduced if domestic production of the same type of articles were to expand to fill the gap in the supply, since this would involve further substantial imports of parts and components."

(e) Restrictions upon the expenditure by Canadians of United States funds for pleasure travel.

(f) A loan of \$300 million from the United States import-export bank.

* Quotations are from the speech of the Minister of Finance to the House of Commons on Dec. 16, 1947. *Hansard*, Vol. 87, No. 8, pp. 323-40.

What the Minister described optimistically as "the longer range constructive program" was general, but of drab significance for the Canadian people. It consisted of the following proposals:

(a) Efforts to increase Canadian production of those commodities that the United States needs and in some cases the export to the United States of products previously exported to soft-currency markets.

(b) Efforts to reach a further trade agreement with the United States. Concerning this the Minister added: "This proposal has been made informally to United States officials who are studying this and other methods of promoting mutually beneficial economic co-operation."

(c) Subordination of Canada's export aims and foreign trade and credit policies to the foreign trade policy of the United States with particular emphasis upon the effort to fit Canada's production into the Marshall Plan. Concerning this central and decisive feature of the Abbott Plan, the Minister explained: "We are making every effort to achieve the needed integration."

Careful study of the proposals submitted to the House of Commons will show that they divide into two distinct groups. The first, which gives the Abbott Plan its character of a series of expedients, are measures upon which the Canadian Government was competent to act—they were put into effect without even going through the motions of consulting Parliament. They were effective immediately. They reduced the volume of many types of necessities on the Canadian market and stepped up the prices of the goods available. But the proposals which fall into the second group, the "constructive" proposals, are all such that the Canadian Government cannot determine by its own authority whether or not they will ever come into effective operation—what happens in connection with them depends primarily upon powerful interests in the United States.

The overwhelming majority of our people were quite prepared to accept restrictions. Popular opinion accepted the estimate indicated by the Minister of Finance when he declared: "We are in a serious situation and we must make

some prompt adjustments in our consumption and in our investment programs.”*

It was not the restrictions that brought forth resentment. What evokes opposition to the Abbott Plan is the calculated manner in which it sacrifices the living standards of our people and the long-term national interests of our country.

The Abbott Plan must be condemned for the fact that its first and primary purpose, for which it was designed, is to reduce the living standards of the majority of Canadian families—justified only by Mr. Abbott's dictum that “we have been living beyond our means.” We had not been consuming more than we had been producing. We had been buying more goods from the United States than the U.S. and other dollar countries buy from us. The Abbott Plan did not propose to make the deficiency good by producing in Canada the goods that we had been importing, thereby making Canada economically independent, but by reducing our purchasing power and thereby our standard of living.

Instead of cutting down on the amount of citrus fruits and fresh vegetables that Canadians are permitted to consume, the Government could have placed restrictions upon the amounts that United States corporations are permitted to transfer to the United States in any one year out of the profits of their branch plants and subsidiary corporations in Canada. To have limited them to half of their profits, allowing them to invest the remaining half in Canada, would have saved Canada ten times more U.S. exchange than was saved by restrictions upon fresh vegetables; it would have gone far towards solving Canada's U.S. dollar problem. Had the Minister announced measures to reduce or stop the importation of certain types of goods so as to encourage their production in Canada the overwhelming majority of Canadians would have accepted the necessary restrictions, even punitive excise taxes, as readily and as co-operatively as they accepted all sorts of restrictions, regulations and taxes

* *Hansard*, Vol. 87, No. 8, p. 328.

during the war. But the Abbott Plan did not provide a single incentive to Canadian production of the goods previously imported—not even to the extent of exempting finished goods produced completely in Canada from the special 25 percent excise tax. Furthermore, the member of the Government in charge of administration of the Plan in Canada warned Canadian manufacturers that “new production in Canada of goods, the import of which is prohibited, will not be encouraged.”*

Why did the Dominion Government discourage Canadian production of component parts and machinery? Why did the Government thus increase the dependence of Canadian industry upon the United States? The answer to that question is of vital interest to every Canadian who wants our country to be free from foreign control.

Consider, for example, the electrical manufacturing industry. With our unusually large and steadily increasing utilization of electrical energy, production of electrical equipment and appliances from generators to toasters, irons, washing machines, electric sewing machines, refrigerators, etc., is a very necessary feature of Canada's national economy. There is a substantial production of such goods in Canada, but the plants which manufacture them are dependent upon United States plants for essential component parts. The owners of the United States plants own three-quarters of the plant capacity in Canada also. The effect of the Dominion Government's refusal to encourage Canadian production of such components is to conserve the Canadian market for those United States monopolies** through the period in which their exports to Canada have to be limited because of our shortage of U.S. dollars.

If the sole or even the over-riding aim of the Dominion Government had been to conserve United States exchange, a

* C. D. Howe, in address to the Ontario Division, Canadian Manufacturers Association, Toronto, Jan. 26, 1948.

** They are, also, the dominant members of monopolistic international cartels. See: *Canada and International Cartels*. Report of Commissioner, Combines Investigations Act, pp. 22-23.

very much better method of conserving it could have been adopted. United States corporations which own or share ownership of enterprises in Canada used more than \$200 million of Canada's scarce U.S. dollar reserve to transfer part of their profits out of this country during 1946. As suggested above, a regulation restricting the total amount of profits that can thus be exchanged into U.S. dollars would conserve a great deal more U.S. exchange and would have been appreciated by the majority of Canadians a great deal more than the punitive restrictions and price increases of fruit, vegetables and consumer goods.

Even if the influence of United States monopolies in the shaping of Dominion Government policies is such that the idea of limiting the transfer of profits is excluded, the need to conserve United States dollars could have been met in a manner that would have been to the advantage of Canadian industry—and employment. An authoritative study of the effect of the Abbott Plan upon the electrical manufacturing industries in Canada* reveals that, during 1946, the total value of all imported component parts and materials for use in the electrical manufacturing industries was a little less than \$21 million, equal to only about ten percent of the total value of the electrical manufacturing industries' production during that year. Thus, productive capacity for two hundred million dollars worth of absolutely necessary production could be made independent of United States plants by the modest development required to produce in Canada parts equal to ten percent of its total production.**

The brief referred to above concludes truly:

The primary requirements for an expansion of the electrical parts industry in Canada are some assurance of a government policy

* Brief submitted to the Government by the United Electrical, Radio and Machine Workers Union.

** The brief referred to notes that the percentage of imported parts and materials varies for different types of products, up to 25 percent for radios and refrigerators.

directed to expanding the home and foreign markets and a definite government effort to break the log-jam of monopoly restrictions and American control. We are firmly convinced that the main obstacles to the development of a parts industry have always been the high-price restricted-market policies of the American-controlled companies operating in Canada, the network of monopolistic practices in the industry, and the desire of the American parent companies to keep their Canadian affiliates dependent upon them for supplies and to reap a double profit at the expense of Canadian consumers.”*

The need for action to secure Canada's economic independence is not limited to the electrical manufacturing industries. That need is even more evident in the sphere of capital goods production. The Minister of Trade and Commerce is authority for the statement that “on the average, every dollar spent on construction and machinery in Canada involves some 30 cents in United States exchange.”**

Every time Canadians make a dry battery, an electric refrigerator, an electric iron, an automobile, or what have you, tribute has to be paid to some United States corporation in the form of fancy prices for parts. When a pulp and paper mill is built, millions of dollars have to be expended in the United States at almost every stage of the operation, from structural steel for the building, to the paper-making machines. As a result, the main beneficiaries from expenditures upon the expansion or modernization of Canada's greatest manufacturing industry are factories located in the United States. Add to the pulp and paper industry the metal mining industry, the machine building industry and large-scale construction, and it becomes evident that Canada's excessive expenditures of United States dollars will be aggravated by a national policy which prevents the building up in Canada of industries to produce everything that we can produce to meet the needs of our people.

* *Ibid.*

** C. D. Howe, Toronto, Jan. 26, 1948.

The Government's policy is the more anomalous because there is no question as to Canada's ability to produce. The Minister of Finance admitted, in his speech introducing the Abbott Plan in the House of Commons, that:

Our costs and prices are generally lower than those of other countries with whom we compete in export trade. Price competition is certainly not restricting our exports. On the contrary, we have kept our costs relatively low and at current rates of exchange our staple exports can be sold in the markets of the world in competition with any country.*

In view of the fact that Canada cannot now secure sufficient United States exchange from the sources which previously supplied it and that Canadian production is efficient and economic, it is reasonable to ask: "Why not introduce governmental measures which will foster the development in Canada of industries to produce a large proportion of the machinery and other manufactured goods hitherto imported from the States?" There is no desire here to minimize the difficulties of such an undertaking. In the situation that has been allowed to develop it would require either high protective tariffs, long-term restriction of imports from the United States, or the development of such production in Canada as a public enterprise. Plenty of democratic and patriotic Canadians are traditionally opposed to each or all of such proposals but the conditions in which that tradition developed do not exist any longer. Those who honestly dislike the idea of fostering industries by governmental action must consider the alternative. In the existing situation, the alternative to economic independence, achieved in large part by calculated development of productive capacity now lacking in Canada, is the economic colonization of our country by United States monopolies. Canada will become increasingly dependent upon the United States for capital goods, machinery, and finished

* *Hansard*, Vol. 87, No. 8. Tuesday, Dec. 16, 1947, page 337. Note that the Minister's boast "with any country" included the United States.

manufactured goods and increasingly dependent upon agriculture, industrial raw materials and specialized products to pay the United States for costly capital goods and manufactures. The inevitable economic and political results of such a relationship would be to undermine the political sovereignty of Canada's people.

By the Abbott Plan, the King Government definitely accepted the latter prospect and its drab consequences for Canada's people. Through the lips of its Minister of Finance the Government's adoption of that anti-Canadian attitude was rationalized in the following way:

It will be appreciated that our ability to contribute to world recovery depends very largely on overcoming our exchange difficulties in a manner that will not restrict our *total* production. A greater integration of the efforts of the United States and Canada to assist world recovery would add considerably to the capacity of this *continent* to provide urgently needed assistance just as it did during the war. We are making every effort *to achieve the needed integration . . .*"*

"Why," asked the Minister rhetorically, "when the whole program of restrictions is frankly designed to save United States dollars, do you not confine them entirely to dollar countries?" He answered his self-posed question with the very "reasonable" argument that: "There is a very strong reason for applying this non-discriminatory principle." . . . "It is a principle which our neighbors in the United States also regard as very important." . . . "Knowing their views and subscribing to the same principle ourselves, it was only reasonable that we should make a special effort to avoid direct discriminatory practices."**

The Minister's anxiety to be reasonable was commendable, but Canadians, who have to pay the heavy cost of the Abbott Plan, are justified in demanding that governmental "reasonableness" be for the protection of Canada's national

* *Hansard*, Vol. 87, No. 8. Dec. 16, 1947, page 330. (My emphasis—T.B.)

** *Ibid*, page 332.

interests. It would have been "only reasonable" for the King Government to have based its negotiations with the United States Government upon the supreme need for Canada to achieve economic independence. The Geneva Treaty specifically recognizes that discrimination is unavoidable under certain circumstances by providing for a year of grace before the non-discrimination commitment becomes mandatory. Aside from that, and in addition to it, those with whom the Minister of Finance negotiated his agreements in Washington and New York could scarcely have refused to co-operate in a policy based upon the aim of all-round balanced development of Canada's national economy. If they had, their refusal would have confirmed the need for a policy very much different from the one that the King Government adopted.

The policy adopted by the King Government, of which the Abbott Plan was the cornerstone, was described correctly by a member of Parliament who declared: "It shows an amazing subservience to the United States. One would think Canada was a subject country. No Canadian Government since Confederation has gone so far to take orders from another country."*

What the Hon. Member denounced as subservience to the United States is not quite so simple. It is evident that the United States administration is completely in the service of U.S. finance-capitalism and its monopolies. It is equally undeniable that United States monopolies will strive to retain their grip upon Canada's economy and the advantages which enable them to reap a double profit at the expense of Canadian consumers. It is entirely wrong, however, to assume that the onerous conditions of the Abbott Plan were imposed upon Canada by the pressure of United States interests alone. The Minister of Finance was speaking more or less truly when he interrupted the speaker quoted above to deny "taking orders from another country."

* Howard Green, M.P., *Hansard*, Vol. 87, No. 12, Jan. 26, 1948, page 559.

The unpleasant truth is that the Abbott Plan represented the viewpoint of the Canadian Government which negotiated it as well as of the Government at Washington, D.C. Furthermore, the Dominion Government launched the plan fully aware that, if it is carried through, it will make Canada increasingly dependent upon the United States. The Government's awareness of such a possible outcome of the plan was revealed in several statements made by the Minister when he explained his plan to the members of the House of Commons. The following are typical:

"... If the statement that the Governments of Canada and the United States are consulting on measures designed to achieve the maximum degree of economic co-operation between the two countries is a general one, let me assure the House that it is far more than a mere statement of good intentions."

"While it will take time to increase to desired levels our production of the sort of goods which have a ready market in the United States . . . considerable further expansion in our United States dollar exports can be achieved *by diverting exports away from other countries and by reducing Canadian consumption.*"

"The extent to which we can continue to assist Britain and other countries will depend in large measure on the implementation of the Marshall Plan."

"The form in which the Marshall Plan is implemented is also very important to us . . . we have expressed our concern that dollars made available by Congress for aid to Europe will be used in part to purchase supplies in Canada and elsewhere that are not readily available in the United States . . . We expect that this policy will be implemented with respect to the Marshall Plan funds, and if it is, we shall be better able to continue our own program of aid to Europe. If it is not, we shall have no alternative but to divert further exports from overseas to the United States."*

The Minister's intent is clear. The Abbott Plan is not, primarily, based upon the economic needs of Canada or upon solution of the dollar crisis. It is a plan to subordinate Canada's national economic interests to international political aims. It stakes the future of Canada's economy upon

* *Hansard*, Vol. 87, No. 8, Dec. 16, 1947, pp. 329-30. (My emphasis—T.B.)

the success of the United States drive to re-establish the domination of finance-capital in Europe. It throws away the possibility, which now exists, to achieve economic independence. The great United Kingdom market, the enormous potential for trade with other countries of the Commonwealth and Europe, all the "soft currency" markets in fact are to be sacrificed if necessary—for what purpose? So that Canadians shall continue to buy from the United States, scores of products which we should be producing here in Canada and shall remain dependent upon the United States market for the agricultural and raw material exports upon which the Abbott Plan proposes to make our economy dependent.

The Minister of Finance admitted that the Abbott Plan is designed to cut down manufacturing in Canada when he gave the members of the House of Commons the following reason for adopting his plan:

If we cut down the consumption of refrigerators and other articles which contain metal, we can sell the metal in its original form for dollars in the United States or anywhere else. That is one way whereby we can get United States exchange. Instead of using labor in Canada to convert the metal into things our own people consume, we shall sell the raw materials . . .*

The question will arise in the minds of many readers: "Why do Canadian capitalists, large and small, accept a policy which is aimed to lower the qualitative level of Canadian industry?" The answer to that is to be found in the radical change that has taken place in the structure of Canadian capitalism. The dominant monopoly-capitalist interests are not concerned primarily with the development of Canada's economy or the welfare of her people. The correspondence which did at one time exist between the aims of Canada's industrialists and the national interest has disappeared. It disappeared with the transformation of Canadian economy from competitive capitalist enterprise to monopoly-capitalism and the assumption of control by the

* *Hansard*, March 18, 1948, page 2375.

“geniuses of financial manipulation.” Largely as a result of the influence of foreign capital in its origin, Canadian finance-capital developed as a junior partner of, first, British finance-capital, and now, of Wall Street. The aims of its directors have always been, not our development as a nation, but the sale of Canada and her natural resources to the highest bidder—on the terms most profitable to themselves.

The un-Canadian character of the policies adopted by the King Government under pressure of the dollar crisis reflects the un-Canadian aims of the finance-capital oligarchy which now dominates the economy and the politics of our country.

II. The Evolution of an Imperialist Power

I. "UP FROM FIVE DOLLARS"

DURING THE WAR YEARS we became accustomed to hearing and reading complimentary things about our contribution to the United Nations, and the compliments were well deserved. Canada's contribution in manpower and *materiel* was a striking demonstration of what a people of 12 millions can do if it is united in pursuit of an aim which inspires millions to consistent effort.

Our material contribution to victory was conclusive evidence of the high development of Canadian economy — particularly of our industrial technique. Not so obvious, however, is the fact that the change in our national status which became evident during the war, resulted from a qualitative change in the structure and organic character of Canadian capitalism which took place before the war broke out. This change in Canada illustrated, emphatically, the law of the uneven economic and political development of capitalism discovered by Lenin.

At the time of Confederation the colonies of British North America comprised small, poorly developed communities, separated from each other economically as well as politically, with very limited facilities for transportation and communication, and little trade between them. Of their aggregate population of 3.5 million, about 1.5 million were in Ontario, somewhat less than 1.25 million in Quebec with most of the remaining 750,000 in the three Maritime

provinces. Montreal, the metropolis, had a population of 100,000, Toronto 50,000, Winnipeg was still little more than an isolated settlement with a population of about 300. It is revealing to consider that it was only one lifetime ago. But the period in which Confederation was carried through was a period of rapid and far-reaching change stemming from the spread of steam power and steel.

Canada was a product of that period and reflected its changes in a marked degree. In the term of one lifetime her national economy was developed from the largely self-sufficient economy of isolated communities* with small industries based upon natural protection and limited by local needs, to a unified national economy characterized by the powerful finance-capitalist monopolies which dominate it today.

To emphasize how rapid the development has been it is only necessary to point out that 72 years ago one of the founders of Canada's manufacturing industries could characterize himself and his fellow industrialists by the statement: "There isn't a manufacturer among us who hasn't come up from five dollars."**

The above statement was made in the course of a governmental enquiry provoked by "the great depression" of the 1870's. The effects of depression strengthened the rising demand for a protective tariff and helped swing popular support to Sir John A. MacDonald and his proposed "National Policy." The National Policy, introduced in 1879, was a calculated policy of tariff protection to conserve the home market for Canadian manufacturers. The policy coincided, also, with the aim of unifying and integrating the economy of the entire country by the development of East-West transportation. It was entirely in accord with

* In 1870, 7.5 million yards of woollen cloth were produced on farms in Canada. This was nearly equal to the total value of the output of the numerous small woollen mills and the imports of woollen cloth combined. Footnote *Rowell-Sirois Report*, Book 1, p. 27.

** Mr. F. T. Frost, to House of Commons Committee on the depression, 1876.

the interests of the small but aggressive bourgeoisie of central Canada, striving to secure for itself a monopoly of the home market with its greatest possible expansion.

Stalin has described the impulsion of a rising capitalist nation to that policy in the following words:

The chief problem for the young bourgeoisie is the problem of the market. Its aim is to sell its goods and to emerge victorious from competition with the bourgeoisie of another nationality. Hence its desire to secure its 'own,' its 'home' market. The market is the first school in which the bourgeoisie learns its nationalism.*

Expansion was slow at first. Investment in railway construction, largely financed or guaranteed by the government, was the main stimulus and provided the basis for such economic expansion as did take place. There was very little growth of either imports or exports. Indeed, the volume of exports per head of population actually declined from 1873 until the middle 1890's** The advantage of the protective tariff to the industrial interests was evident however. Although the population increased by less than a million and a quarter during the 20 years, 1871-1891,*** and the world level of prices for manufactured goods fell steadily during that period, manufacturing expanded considerably in Canada, as is illustrated by the following comparison:

MANUFACTURING INDUSTRIES OF CANADA

	No. of Establishments	Capital in Millions	Net Value of Products	No. of Employees	Cap. Investm't Per Estblmt
1870	41,259	\$ 77,900,000	\$ 96,700,000	187,942	\$1,900
1890	75,964	\$353,200,000	\$219,000,000	369,595	\$4,650

Thus, through the protective tariff, the manufacturing interests secured a strong position for themselves.

It illustrates perfectly by Canadian experience the correctness of the words in which Marx described the process

* J. Stalin: *Marxism and the National Question*.

** The volume of exports per capita attained during 1871-1874 was not attained again until 1897.

*** From 3,689,000 to 4,833,000.

of capitalist accumulation 84 years ago when he wrote: "Every accumulation becomes the means of new accumulation. With the increasing mass of wealth which functions as capital, accumulation increases the concentration of that wealth in the hands of individual capitalists and thereby widens the basis of production on a large scale . . ."*

The great development that had been anticipated with the opening up of the prairies failed to materialize immediately, but economic factors outside Canada brought rapid changes around 1896. Marked expansion of credit resulting from increased gold production, which stepped up the world's stock of gold by 50 percent in twenty years, caused a marked rise in world prices, while rapidly expanding world production of iron, steel and manufactured goods, caused the prices of such goods to rise much less rapidly than did the price of wheat and other foodstuffs. During the period 1896 to 1913 the average of the prices of all Canadian exports increased 32 percent. Wheat prices increased 33 percent, while the average of the prices of Canadian imports rose only 24 percent—those of manufactured goods only 20 percent. On top of the extremely favorable price trend, ocean freight rates continued to fall until 1908. British investors, hard put to find profitable outlets for their growing accumulations of investment capital, were anxious to lend money at the lowest rate of interest ever recorded up to that time.

2. THE RISE OF FINANCE-CAPITAL

The years 1896 to 1913 were years of rapid large-scale economic expansion in Canada. Settlers poured into the West. The annual wheat crop of the three prairie provinces grew from 20 million bushels to 209 million bushels. Railway construction was resumed on an expanding scale, new

* Karl Marx: *Capital*, Vol. 1, p. 685. (Kerr edition.)

resources were discovered and exploited, new towns sprang up and the entire economy of the country attained a new high level of development. The remarkable speed of economic development during that period was made possible by a huge investment of new capital. "Between 1900 and 1913, \$1,400 million were invested in railways, canals and harbours."*

The part played by the Dominion Government in stimulating the enormous development of capital construction was probably decisive and provides a concrete illustration of the tremendous possibilities inherent in the use of the nation's credit for social construction. Up to March 31, 1914, the Dominion Government contributed, for railway construction alone, cash subsidies, direct expenditures on construction and advances and guarantees of bond issues totalling no less than \$598 million of public money in addition to grants of 31.8 million acres of land.

That \$598 million represented very large-scale use of the national credit at that time is shown by the fact that throughout that fifteen-year period the ordinary expenditures of the Dominion Government averaged only about \$70 million per year. During the first ten years, until 1906, they averaged less than \$60 million per year. The extent to which governments were placing the credit of the country at the disposal of railway promoters is illustrated by the fact that when the "railroad boom" collapsed the total of the subsidies and credits given to the promoters was greater than the gross public debt of the Dominion Government which stood at \$483,232,555 in 1913.

In addition to encouraging reckless speculation, the high government expenditures and Dominion and provincial guarantees of bond issues were an important factor, along with the influx of British capital, in the tremendous expansion, diversification and, in its final result, strengthening of the national economy during those decisive years.

* *Sirois Report. Book 1, p. 75.*

With extension of railways and settlement of the prairies, the rich mineral resources of the country were discovered.

By the turn of the century the rich nickel-copper ore of Sudbury, discovered in 1884 with the building of the CPR, the asbestos at Thetford Mines discovered in 1886, gold and copper of the Kootenay district as well as the coal deposits of the Crow's Nest Pass and Vancouver Island, and numerous other mineral deposits were all being energetically exploited while expansion of ground wood pulp production added to increasing annual value of forestry products.

The annual net value of manufactured goods produced in this country increased from \$214.5 million in 1900 to \$564.5 million in 1910. The figures themselves tell only part of the story. The vast area opened up for settlement, the development of mineral resources and new lines of production combined to create an increasing demand for transportation, machinery, and equipment. The protective tariff (\$7 per ton on steel rails, 30 percent on railway cars, 35 percent on locomotives and so on), was supplemented by bounties. Aided by such measures, manufacturers increased their share of the domestic market for capital goods as well as of goods for immediate consumption.

It is worthy of note that the greatest proportional increases in manufacturing production were precisely in the capital goods sector of industry. During that period production of primary iron and steel was increased to almost five times its 1890 volume. Production of finished iron and steel and their products was increased three times; bridge and structural steel four times; railway rolling stock five times; the generation of electricity for light and power more than six times. It was a period of general economic expansion.

In those conditions the larger aggregations of capital enjoyed a definite advantage, particularly when larger plants—or the merging of several small firms into one large one—meant the utilization of more efficient modern machinery, equipment and methods of manufacture. Large establish-

ments based upon the national, or Empire, market quickly superseded the small establishments based upon local advantages. Central Canada became the most favored location for industry. It combined close proximity to the United States sources of industrial raw materials and essential semi-finished or finished parts and supplies, the shortest haul to the West that was available to Canadian industry in the circumstances, and the greatest concentration of Canada's limited population and home market.

The industries in the Maritime provinces lost the advantage they had previously derived from proximity to ocean ports and secure local markets. The competitive position of the smaller manufacturing concerns was worsened without any appreciable advantage to the main natural products of the Maritimes, particularly fish, lumber and coal. While proximity of iron ore and coal, plus the expanding demand stimulated by railway building, tariffs and bounties enabled the Maritimes steel industry to prosper and expand, industry in general became increasingly concentrated in the provinces of Ontario and Quebec. The banks, mortgage, insurance and other financial institutions in those provinces profited from the advantages that geography, protective tariffs and east-west transportation, gave to the industries in central Canada. They extended their operations into the West, literally heading off any large-scale development of such institutions of a local or Western character. Thus the replacement of small local industries by large-scale establishments, a process which reflected the developing unification of the national economy, became in turn a powerful stimulant to the concentration of industry in the central provinces and an intensive drive toward centralization of financial power.

With the evident advantages of the larger manufacturing establishments, the centralization of financial institutions, and the consequently increasing volume of payments flowing into the main financial centres of the central provinces, the stage was set for development of a merger movement

and Canada entered the stage of capitalist development in which, to use the words of Lenin, "the greatest profits go to the 'geniuses' of financial manipulation."

Combination to control prices had been undertaken by manufacturers striving for monopoly advantage before the finance capitalist mergers developed. As early as 1865 stove manufacturers had concluded an agreement upon sales and prices of stoves. In 1887 the oatmeal millers combined to maintain prices. By agreement they shut down 10 mills, allotted a definite quota of production to each mill which continued operation, fixed uniform prices for their products and undertook to reimburse—or pension—the owners of the mills shut down.* One result of that combination was the enactment in 1889, of Canada's first law making it a criminal offence to enter into a conspiracy in restraint of trade. That Act was replaced in 1910 by the Combines Investigation Act which did provide the possibility for any responsible group of citizens to secure at least an investigation of a combine or of monopoly practices. Mr. Arthur Meighen, as Minister of Justice in the Tories' "Coalition" government, succeeded in eliminating that act in 1919—the same year in which he introduced the semi-fascist legislation which later became Section 98 of the Criminal Code.

Between 1896 and 1912 there were 67 mergers in Canada. Fifty-eight of them, affecting 275 individual concerns, were consummated during the last five years of that period. Out of those mergers there arose, among others, the bicycle monopoly, the cement monopoly, the asbestos monopoly, the tobacco monopoly, the textile monopoly, and near monopolies in steel, paper, flour-milling, meat packing, canning, brewing, machinery, rubber products and banking. The numerous other mergers which have taken place since that cycle have extended the list and have intensified greatly the degree of concentration. The above list shows, however, that by 1912 concentration of

* *Report of Select Committee on Combinations, 1888.*

Canadian industry by the process of mergers was already well under way.

Those mergers established several of the powerful monopolies which still share in the domination of our national economy, but they were only the beginning. The process continued with increasing momentum until 1930. In the last eight years of that period, 1922-1930, there were 120 mergers consolidating 550 firms. Through the development as a whole, Canada's economy was transformed from one characterized by tens of thousands of freely competing small establishments, headed by manufacturers who had "come up from five dollars," expanding by the simple increase in the number of firms, to a highly centralized economy dominated by a few score great monopolistic concerns.

The following table tells the story of the increasing concentration which accompanied the general growth of industry:

MANUFACTURING INDUSTRIES OF CANADA*
(DBS Reports, 1941-2)

	Establishments	Capital (millions) \$	Net Value of production (millions) \$	Number of Employees	Average capital per establishment
1870	41,259	77.	96.	187,942	
1890	75,964	353.	219.	369,595	\$ 4,649
1920	22,532	2,923.	1,621.	598,893	
1930	22,618	4,041.	1,522.	614,696	\$178,663
1940	25,513	4,095.	1,942.	762,244	\$160,534

Those figures are striking evidence of the extent to which capital is being concentrated, of the rising organic composition** of capital and the increasing intensity of exploitation of the workers. They emphasize also the fact that during

* Note that in the period 1890-1930 the aggregate capitalization increased 11.5 times, but the capital per establishment increased more than 38 times, and the capital investment per employee increased nearly seven times.

** The term, "rising organic composition" refers to the more rapid growth of the proportion of the total capital that is represented by machinery, buildings and power, as compared with the proportion employed to pay wages.

40 years in which the population was only a little more than doubled* the capital investment in the manufacturing industry alone, demanding interest or dividends, increased more than 11 times. The total capitalization of all firms increased 11.5 times, but the capital per establishment increased 38 times. The capital invested in proportion to the number employed, increased nearly seven times. One result of that was a four-fold increase in the average net value of production per employee.

	Total Capital	Average Capital Per Establishment	Average Per Employee	Average Value Net Production Per Employee
1890	\$ 77,900,000	\$ 4,649	\$ 956	\$ 592
1930	\$4,041,000,000	\$178,663	\$6,574	\$2,477

The bare figures do not tell the whole story, however, because they reveal only the general process of concentration. The qualitative change that the rise of monopolies made in the structure of Canadian economy is revealed by the fact that today, although there are still thousands of firms, a few giants dominate the nation's economy. As we pointed out in the Communist Party's brief to the Rowell-Sirois Commission: "Although there are thousands of corporations in Canada, only a handful of corporations do the bulk of business . . . In 1934, 35 companies out of the 11,000 which were assessed for taxation made 50 percent of the total profits . . . Seventy-five percent of all the profits were earned by 349 corporations, or between three and four percent of the firms reporting."**

Another fact which illustrates the extremely high degree of concentration is that by 1946 there were no less than 35 corporations in Canada with assets of more than \$100 million each. Of the 35, only 15 had assets of less than \$200 million each. Eight had assets of between \$200 million and \$300 million each. Seven had assets of between \$300 million and \$1,000 million, five had assets of more than one

* In 1891 the population was 4,833,239; in 1931 it was 10,376,786.

** *Submission of the Central Committee of the Communist Party to the Royal Commission on Dominion-Provincial Relations.*

but less than two billion dollars, and two reported assets of more than two billion dollars each. The aggregate value of the assets reported by these 35 Canadian corporations was over \$19 billion.* Truly our national economy is dominated by a few monopolistic giants.

The concentration of economic power described in our brief to the Rowell-Sirois Commission is so evident, and its effects upon Canadian economy are so far-reaching that the Royal Commission on Price Spreads and Mass Buying was impelled to warn the Canadian people in 1934 that "this power is all the more dangerous because it is impersonal and can be wielded in such a way that competition within the industry is blocked—the welfare of the producer disregarded and the interest of the investor neglected."***

3. "THE GENIUSES OF FINANCE"

In his masterly analysis of Imperialism, Lenin showed how monopoly characterizes that stage of capitalist development at which, "while commodity production continues to be regarded as the basis of economic life, the big profits go to the 'geniuses' of financial manipulation." The truth of that statement may be verified by a study of the economy of any monopoly capitalist country; nowhere is it more fully verified than in the record of finance-capital in Canada.

It is illustrated almost daily by news items tucked away in the financial pages of the daily papers. For example, on January 30, 1948, a typical item reported that "E. P. Taylor, Toronto chairman of the board and executive committee of Canadian Breweries, was paid a salary of \$60,000 during the year ended October 31, 1947 . . . "**** The item mentioned

* See Appendix 2 for the list of the corporations and their assets.

** Report of the Royal Commission on Price Spreads and Mass Buying.

*** *Globe and Mail*, Toronto, Jan. 30, 1948.

that "C. D. Betts, president and director of Canadian Breweries was paid \$50,000 and H. A. Taylor, vice-president, \$30,000."

Now Mr. E. P. Taylor does not devote all his time and energy to the direction of Canadian Breweries Ltd. It is not by any means the only corporation of which he is chairman of the board. He is either chairman or a member of the board of directors of a large number of other concerns including the Massey-Harris Co. Ltd. and one of the big chartered banks. The very substantial income that he receives in the form of salaries and directors fees from those various concerns comes to him, not because he built those breweries, agricultural implement factories, coffee shops and financial institutions "up from five dollars" but because, quite recently, he succeeded in securing for himself, "through the market", a commanding position in those corporations. The same is true of the dominant finance-capitalist oligarchy as a whole.

The income received by such men in the form of salaries and directors fees is but a minor part of "the big profits of financial manipulation." The really big profits are made out of stock splits, market plays, mergers and consolidations, financial reorganizations, and so on. It was reported at the time, that Max Aiken (Lord Beaverbrook) and his associates added no less than \$13 million to the aggregate capitalization of the concerns merged to form Canada Cement Co. Ltd., in one operation.

The methods by which a decisive part of Canadian industry was brought under the control of finance-capitalist groups do not make inspiring reading. Bribery, chicanery, corruption, ruthless elimination of the small investors from any effective share of control, deliberate ruin of small competitors, government favors, establishment of monopoly prices and merciless exploitation of workers at starvation wages, constitute the main features of the methods by which Canada's "big shots" have climbed to their present positions of economic domination.

Striking evidence of this was provided in the brief submitted to the Royal Commission on the Textile Industry on February 2, 1937, by the Commission's senior counsel.*

Analyzing the history, the finances and the policies of the half dozen corporations which dominate the textile industry of the country, the brief showed that all the above-mentioned features—plus defrauding the government by falsification of income tax returns—have characterized the policies of the parasitical clique which has made a veritable gold mine of the industry during the past fifty years. The description of the consolidation of Dominion Textiles contained in the brief illustrates to a nicety the typical methods by which the modern "get-rich-quick Wallingfords" of Montreal and Toronto established their domination of Canada.

Of the Dominion Textiles Co. Ltd. the brief said:

In 1904, a syndicate composed of 16 men was organized for the purpose of incorporating the company. These men agreed to contribute one million dollars as follows: David Yuile, \$90,000; J. P. Black, \$90,000; G. A. Grier, \$90,000; D. Williamson, \$90,000; C. H. Gordon, \$100,000; Hon. L. J. Forget, \$100,000; Rudolphe Forget, \$40,000; H. V. Meredith, \$100,000; H. S. Holt, \$100,000; S. Carsley, \$50,000; Hon. Robert MacKay, \$50,000; David Morrice, \$40,000; F. C. Henshaw, \$20,000; James Rodger, \$20,000; Geo. Caverhill, \$10,000; John Baillie, \$10,000. The plan was to acquire control of Dominion Cotton Mills Co. Ltd., Merchants Cotton Co. Ltd., Colonial Bleaching and Printing Co. Ltd., and Montmorency Cotton Mills Co. Ltd.

The result of this transaction was that the preferred stock and bonds of Dominion Textile Co. Ltd. were ultimately issued in sufficient amount to purchase all the outstanding shares of the four cotton companies in question. These bonds or shares were issued directly to the shareholders of the cotton companies in question, and it left in the hands of the Royal Trust Co. \$5,000,000 in common stock of Dominion Textile Co. Ltd., which was duly delivered to subscribers to the syndicate pro rata according to the amount each subscribed.

* Mr. J. C. McRuer, now Chief Justice of Ontario.

Thus, with their investment of one million dollars the members of the syndicate bought out the owners of the four concerns and retained for themselves stock with a face value of five million dollars. It sounds queer to people whose conception of honesty is not conditioned by knowledge of the law, but it's "the thing." At one stroke the syndicate had consolidated the four plants, secured complete control for themselves, (note that they received all the voting stock), and ensured that all future increases in profits should be for their benefit and theirs alone.

The first world war reduced competition, and profits skyrocketed. In 1922 conditions favored cashing in upon the good business of the war and immediate post-war years so the company was reorganized. The following was the description of the reorganization in the McRuer brief:

The 225,000 shares of common stock was carried in the balance sheet at \$15 million. There were sold for cash prior to the incorporation of the new company, 25,000 shares. Three shares for one were issued in the new company. The net result would be that for the \$5 million in common stock allotted to the original incorporators for \$500,000, there was now outstanding 150,000 shares of common stock which were carried in the balance sheet at \$10 million.

Thus, their five million dollar interest in the firm, which had cost them half of their original million, was transformed into ten million. Incidentally, of course, they had been paying themselves fat dividends right along and had already received considerably more than their total original investment. On the question of dividends the brief quoted some revealing figures which help to explain why men, who might otherwise be decent human beings, lose all sense of decency in the fight for control of industries and their profits.

The following quotation shows the reasons:

The total of the dividends paid on the stock issued on the original investment by members of the syndicate in 1905, between the years 1906 and 1936, inclusive, amounted to \$14,837,500 or an average annual rate of 98.4 percent per annum.

It may be noted here that during the depression years 1930 to 1936, on the shares issued for the original investment of \$500,000, \$4,312,500 was paid in dividends. It may also be noted that dividends paid from 1923 to 1936 on subsequent issues of stock which netted the company \$5,875,000, amounted to \$6,276,456.75.

While continually complaining over a period of years of insufficient tariff protection, and while making strong representations to the government in 1930 that tariff protection had been insufficient, and, on the strength of these representations securing further tariff protection, the original investment of \$500,000 made in 1905 has yielded a return of \$14,837,500 in dividends and today has, according to the company's records, an additional present value of \$14,671,105. *This is after charging off to profits \$22,943,471 for depreciation and \$12,492,186.92 to equipment and repairs.*

Thus the Dominion Textile Co. Ltd.! In the process of the consolidation of the 17 companies which were absorbed by this giant, plants were closed in Windsor, Coaticook, St. John, Brantford, Verdun, Halifax, Moncton, Kingston, Chambly, and Hochelaga. While closing down these mills, however, the directors took the necessary measures, in 1929, to secure a controlling interest in Montreal Cottons Ltd., thus consolidating half of all the cotton textile industry of Canada in their own hands.

In the brief from which we have quoted above the senior counsel for the Royal Commission summed up the technique in the following words:

The effect is that the promoters of mergers and amalgamations have succeeded, by a process of recapitalization and refinancing, in getting into their hands a large amount of capital stock for which they paid nothing, and the management of the companies is expected to produce a dividend on this stock. The government of the country is called upon to furnish tariff protection to enable the management to do so. The consumers and the employees have to bear the burden of the dividends.*

Just how heavy was the burden that the monopolists were loading on to "the employees and the consumers" at that time is illustrated by the following facts. During the

* *Report of Royal Commission on the Textile Industry.*

hearings of the Royal Commission to investigate price spreads and mass buying it was revealed that workers employed in the textile industry were earning as little as three dollars a week. Married men were employed at \$12.00 per week and in some instances workers were working a 72 hour week. Furthermore, the brief submitted to the Royal Commission investigating the textile industry by its senior counsel charged the textile monopolists with defrauding the government through inaccurate income tax returns. The brief asserted that Canadian Cottons Ltd. "was not only setting aside large concealed reserves but was not disclosing to the proper authorities its true profits and was depriving the government of the taxes justly and legally due." The brief charged the company with having defrauded the Department of National Revenue of no less than \$409,586 over a period of years. Dominion Textiles Ltd. and Montreal Cottons Ltd. were similarly charged. It is a striking commentary upon such practices to quote the following words from the same brief: "Out of the money paid by the consumer over the period of seven years, for every \$33 that went to the wage-earners, \$28.20 went to the higher salaried employees or the investors."*

The foregoing describes the means by which the so-called "Holt Group" secured their control of a monopoly of Canada's textile industry with all the enormous wealth and influence in shaping the national policy that accrues from it. That was not by any means their last unsavory exploit—nor their worst, as thousands of investors who lost their shirts in various financial "reorganizations" have cause to remember. The methods described before the Royal Commission on Textiles are typical, however. With appropriate changes of names, dates and figures, the same description would be correct for scores of the other mergers by which the manipulators of finance-capital concentrated in their own hands ownership or control of the greater part of Canada's economy.

* *Ibid.*

Exploiting the desire of growing numbers of people of limited means for "secure" investments at assured rates of interest, these promoters carry through their mergers and "reorganizations" so that the investors seeking security put up most of the money while the promoters get the voting stock and thereby control of the new corporation. It is an ironical fact that most of the money or credit, used by the big shots to "swing" their end of such deals is other people's money or bank credit based upon it, which the monopolists control also through their dominant positions in the banks.* By exploiting the intense desire for security amid the spreading insecurity of capitalism, the investment bankers and their associates who control the trust companies, insurance companies, and other channels through which a large part of the income of the people is canalized, extend their ownership of Canadian industry and commercial establishments, meanwhile extending also their control of the share of the national plant and equipment that is still owned by other people.

Glaring examples of the use of that technique may be seen by a study of the records of the methods by which millions of dollars were added to the capitalization of Canadian industries in the process of such "reorganizations". In the series of mergers carried through in the pulp and paper industry during its period of expanding prosperity, over \$30 million was added to the indebtedness of that industry—not to purchase new and more efficient equipment or other technical improvements—but to actually take cold cash out of the industry while shutting down mills. The chairman of the special select committee of the House of Commons, which later became the Royal Committee on Price Spreads

* For an old but authentic and very revealing exposure of the technique by which the manipulators of finance-capital secure control of industries by the use of other people's money, the reader should read the study written by the late Justice Brandeis of the United States Supreme Court. The title of the book is "*Other People's Money*," subtitle "*And How the Bankers Use It*."

and Mass Buying* described the financial "reorganization" of the pulp and paper industry in the following words:

They took a healthy prosperous wealthy community, made up of the different groups of the pulp and paper industry . . .

They took them and brought them into mergers, not for the purpose of making institutions that would be more free of debt, not for the purpose of putting more capital into them which would produce earnings, but bond issues were made through the name and influence of personal leaders of finance, which issues the promoters induced the public to buy.

And with what result? I am satisfied that in the various mergers now operating and which have come into existence between 1922 and 1929, there was made out of that industrial manipulation \$30 million (my calculations were \$34 million), taken out of that industry and put down in the pockets of those who promoted these mergers. The industry has been left with an added weight of debt as a result of this added financial exploitation.**

A cursory study of the record of the stocks and shares of the pulp and paper corporations will convince anybody that Mr. Stevens was not exaggerating.

To illustrate the manner in which the financial manipulators utilize their "reorganizations" and "re-financing" schemes to milk the small investors, H. H. Stevens described the re-financing operations of a large business concern in Toronto.

After explaining how the company had regularly made about 11 percent profit on its capitalization, including additional shares issued without any money accruing to the treasury of the company, Mr. Stevens described the climactic killing as follows:

"SIR JOSEPH TAKES OUT 5 MILLIONS"

In 1925 Sir Joseph Flavelle and his associates who were in control of the business conceived the idea of taking \$5 million out of the business. They proceeded to do it and succeeded admirably, and still kept the business in fairly healthy condition. Well, there is not much cause to complain there. We will let that go.

* H. H. Stevens, then Minister of Trade and Commerce.

** *The Stevens' Pamphlet: Dominion Elections 1935.*

“ANOTHER RE-FINANCING”

They went on then until 1928, I think it was, and they decided to have another re-financing under the leadership of Wood Gundy and so they did this, roughly speaking . . . they wrote a letter to their employees and said: ‘Now we are going to make an issue of I think it was \$12 million . . . ‘and we have made it possible for the employees to participate in this wonderful company, and we urge the employees to participate, and we have set aside a peculiar class of stock for you, that is, class B stock, which you can get at \$50.00 . . .’

Then they said further to the employees, ‘If you want to borrow some money with which to pay for your stock you can go to the Bank of Commerce’, of which Sir Joseph Flavelle was president, ‘and they will lend it to you on the stock if you have not enough in your savings with which to buy it.’

“10 MILLIONS TO SIR JOSEPH AND OTHERS”

To make a long story short the employees of the Robert Simpson Company took some \$2 million of this stock. They had not any idea that Sir Joseph intended to back out of the company . . . Well, they sold \$12 million, or what was left after the employees took their part, to the public and the public took it. What did they do with it? Ten million dollars of it went, in cash, to Sir Joseph Flavelle, the Fudger estate, and the Cox estate. Sir Joseph’s interest, I think came to 70 percent, or \$7 million, and the others received the other 30 percent or \$3 million.

. . . Here you had an institution that was healthy, strong, very profitable . . . They simply loaded it with a bond debt of \$20 million, which is a fixed debt calling for payment of interest, and then this other stock that was issued is absolutely valueless.*

It should be noted that shortly after the “killing” described above, the company cut the wages of their employees down by an average of 17 percent—hundreds were cut to \$12.50 per week. The prices paid to small manufacturers for their products were cut down to a level which brought distress to thousands.

To illustrate the extent to which monopoly has enabled its owners to bleed the primary producers and the consumers simultaneously, the then Minister of Trade and Commerce,

* *Ibid.*

used the following example, provided by the Imperial Tobacco Company:

The Imperial Tobacco Company had a total cash investment of \$14 million. It ploughed in earnings or left them there and did not take them out, and made a reconstruction of its structure from time to time until today it has a nominal capital of \$52 million* of which only \$14 million is represented by cash put into the business.

The market value of that stock is over \$100 million and it is worth keeping that in mind, because that is what might be called a book value of the stocks.**

He then pointed out the following facts. The corporation had earned profits at the rate of about six percent upon its nominal capital of \$52 million. Taking advantage of the depression in 1931, the Imperial Tobacco Company succeeded in bringing down the price paid to the growers for tobacco from 33 cents a pound in 1930 to 19 cents in 1931. During the same period it cut the wages of its factory workers by 10 percent.

The facts quoted above are but typical samples of scores of similar, and in some cases more glaring facts available to all who care to study the reports of the few public enquiries which have delved into the unsavory record of finance-capitalist manipulations of corporation financing, of wages and labor relations. These facts do but illustrate the methods by which the manipulators of finance and big business have systematically sought monopoly control so as to raise prices to the consumers despite declining costs of production—usually while cutting the wages of their employees. The condition which enables them to do that is the elimination of competition in the great branches of the national economy. The fact that their practice is now considered a “normal” condition in Canadian industry and commerce was emphasized when the Drew Government of Ontario submitted its counter-proposals to those put forward

* In 1935.

** *Ibid.*

by the Dominion Government for reallocation of taxing powers between the Dominion and Provincial Governments. The Dominion proposal was that the subsidies to be paid to the provinces to compensate them for their surrender of the personal and corporation income taxes and succession duties, should "increase in accordance with gross national product per capita." The main, and basic, argument put forward by the Drew Government against that was the unquestionable fact that: "In the past, the profits of corporations have risen in greater ratio than their gross production."*

Truly did Lenin write: "The general framework of formally recognized free competition remains, but the yoke of a few monopolists on the rest of the population becomes a hundred times heavier, more burdensome and intolerable."**

4. THE WINNING OF CANADIAN SOVEREIGNTY

With the rise of finance-capitalist monopolies in Canada and the resulting change in the structure of our national economy, the dominant interests in the country pressed increasingly for assertion of Canadian sovereignty. One by one the colonial limitations that were still imposed upon Canada after Confederation were eliminated. The legal conditions which had enabled British shipping companies to dump immigrants into Canada without regard to Dominion regulations were abolished in 1910 when the Laurier Government asserted its determination to exercise control over all immigration into Canada by enacting a Canadian Immigration Act. Sir Robert Borden defeated Laurier's pro-

* *Counter-proposals on Dominion-Provincial Relations* submitted by the Government of Ontario, 1946, p. 22.

** V. I. Lenin: *Imperialism*, Chapter 1. "Concentration of Production and Monopolies."

posal for Reciprocity with the United States in 1911 by pledging himself "to strengthen the British connection." At the Imperial Conference in 1917, however, Sir Robert was impelled by the interests of Canadian capitalism to insist upon "complete recognition of the Dominions as autonomous nations of an Imperial Commonwealth and (the British Government) must fully recognize their right to a voice in foreign policy and foreign relations." The significant step taken at that conference was rapidly extended. Canadian legations were established in foreign countries, the Dominion Government sought and won treaty-making power and extra-territorial authority and, somewhat later, formal acknowledgement of the Dominion Government's sovereignty in matters concerning peace or war.

As noted in a previous chapter, the war of 1914-1918 speeded up the development of all phases of capitalist economy in Canada. It also speeded up and strengthened the struggle of the Canadian bourgeoisie for official acknowledgment of their sovereignty.

To pay for war materials the British Government repatriated millions of dollars worth of Canadian securities, while Canadian economy was expanding. As British investments were reduced, United States capital, attracted by prospects of high profits, flowed into Canada: into the new war industries, production of hydro-electric power and, during the 1920's, into expansion of the pulp and paper, mineral extraction, and manufacturing industries. A growing awareness of the implications of Canada's relationship to Britain and the United States, and the sharpening rivalry of British and American finance-capital in Canada, urged leading public men to stronger efforts to assert Canada's sovereignty while retaining all the advantages of their peculiar position in the British Empire.

Following the war there developed an almost universal demand that Canada's status and relationship to Britain

should be redefined. A numerically small body of opinion, most clearly represented at that time by Arthur Meighen, the Prime Minister, favored imperial centralization, with Canada participating in some sort of Empire council. The great majority of Canadians, however, wanted Canada's sovereignty affirmed. The general immediate demand supported by this majority was for the enlargement of Canada's autonomy. In the discussion that raged within the ranks of this majority at the time, there was almost complete agreement that Canada's objective must be complete sovereignty, but there were extremely sharp differences concerning the method by which it could best be achieved.

There were two schools of thought. One school advocated the tactics of seizing upon every declaration, such as the declaration of the Imperial Conference in 1917* and pushing its implications to the furthest limits. This school of opinion believed that Canada would gain sovereignty only by asserting it and that the quickest and most effective way of asserting it was in daily practice. They held that the legal limitations established by the British North America Act would be rendered obsolete by such tactical advances and could be ignored, or removed the more easily because of the sharpened anomalies. The other school, more rigidly constitutional, held that the changes had to be brought about by first changing the constitutional law through established parliamentary methods and procedure.

The difference between these rival schools of tacticians was thrown into sharp relief by political events which occurred during the early 1920's.

* * *

The Imperial Conference in 1921 was called by the British Government with the hope that it would initiate steps towards the establishment of some sort of imperial executive to provide a centralized authority for the Empire as a whole. Winston Churchill, who was then Secretary of State for

* The declaration proposed by Sir Robert Borden quoted above.

the Colonies, declared during April, 1921, that that year was "a very important year in the life of the British Empire, for it would see the first peace meeting of the Imperial Cabinet. It would not be like the old Imperial Conferences but would be a meeting of the regular Imperial Cabinet."*

The Imperial Conference did not take such a complete and drastic step as Winston Churchill had prognosticated, but its outcome was a sharp warning to Canadians who sought to strengthen Canada's freedom of action and to free her from automatic involvement in and responsibility for British imperial commitments. The published summary of the proceedings of the Conference was in fact a draft program for empire centralization. It declared that:

The whole weight of the Empire should be concentrated behind a united understanding and common action in foreign affairs . . . it was unanimously felt that the policy of the British Empire could not be adequately representative of democratic opinion throughout its peoples unless representatives of the Dominions and of India were frequently associated with those of the United Kingdom in considering and determining the course to be pursued . . .**

No action was taken on the recommendation of the 1917 Conference urging the calling of a special Imperial Conference "to consider the constitutional relations of the component parts of the Empire." The reason given was that no good purpose could be served by such a conference at that time. It was self-evident that the advocates of imperial centralization had "won a round."

The interpretation placed upon the decisions of the Conference by the British Government was revealed by the statement of the Prime Minister, Lloyd George, to the House of Commons in December, 1921, reported in the press as follows:

The position of the Dominions in reference to external affairs has been completely revolutionized in the course of the last four

* *Summary of Proceedings of the Imperial Conference 1921*. British Parliamentary Papers.

** *Ibid.*

years . . . Since the war the Dominions have been given equal rights with Great Britain in control of the foreign policy of the Empire . . . The machinery is the machinery of the British Government—the Foreign Office, the ambassadors. The machinery must remain here . . . The instrument of the foreign policy of the Empire is the British Foreign Office. That has been accepted by all the Dominions as inevitable. But they claim a voice in determining the lines of our future policy. The advantage to us is that joint control means joint responsibility and when the burden of the Empire has become so great it is well that we should have the shoulders of these young giants under the burden to help us along.

It was very clear from newspaper reports that Arthur Meighen had supported the advocates of centralization. The *Montreal Gazette* emphasized his disagreement with the advocates of "equal status" in the following words:

In this respect indeed Mr. Meighen is probably not prepared to go as far as Premier Smuts or even Sir Robert Borden or the Hon. N. W. Rowell, who, it will be remembered, have all practically advocated that the Dominion Cabinets advise the King direct. Premier Meighen apparently sees difficulty and danger in this, while willing to accept a condition under which guarantees would be secured that the advice of the Dominions on all matters exclusively affecting them be taken. Asked by a member of the Conference where or how he would draw the line between questions affecting the Empire alone and those with which Britain alone was concerned, Premier Meighen replied that the matter would have to be left to time and experience.

The significance of these things was clear. The British Government's interpretation of the decisions of the Conference, the statement of Lloyd George and the obvious attitude of Arthur Meighen aroused the advocates of equal status. The majority of thinking Canadians were opposed to what had been done and accepted the more gladly the proposals of the advocates of decentralization. These proposals were that, as part of the struggle to assert her sovereignty, Canada must establish her right to conduct her own foreign policy and let Great Britain do the same—neither having direct responsibility for the other.

It was not long before issues arose which put the conflicting policies to the test. Following the Imperial Conference of 1921 the British Government, proceeding on the basis of its decisions, notified the Government of the United States that it desired that invitations to the forthcoming Washington Disarmament Conference should be issued to all parts of the Empire *through London*. The United States Government accepted the proposal and no invitations were addressed to the Dominion Governments. The Meighen Government acquiesced in that arrangement, but the Smuts Government in South Africa protested against it energetically. Smuts warned Meighen by cable: "If the Dominions concerned are not invited and yet attend, bad precedent will be set and Dominion status will suffer." Meighen replied that in his opinion it was too late to change the arrangement. Smuts sent a copy of his cable to Lloyd George, however, and under pressure of the South African protest the British Government agreed that Dominion representatives at the Washington Conference should have the same status as they had enjoyed at the Peace Conference in Paris. The incident was utilized to emphasize the fact that the most effective way to establish Canadian sovereignty was to assert it.

Three events which occurred shortly after the Washington Conference—and the defeat of the Meighen Government in December, 1921—demonstrated the advantages of the tactic of seizing every opportunity to assert a measure of sovereignty. These three events were: The Chanak incident in September, 1922; the Lausanne Conference and Treaty which resulted from the Chanak incident; and the negotiation and signing of the Halibut Treaty between Canada and the United States.

In September, 1922, the Canadian Government in common with the other Dominions received an urgent cable from London inviting it to join the British Government in the preparations to send an expeditionary force to the Dardanelles. The King Government, which had been elected

in December, 1921, mainly by supporters of decentralization policies, utilized the cable as an opportunity to politely refuse Canadian assistance and to indicate the sovereignty of the Dominion Parliament in such matters. Mackenzie King replied very coldly to the "urgent" appeal of Lloyd George that "it is the view of the Dominion Government that public opinion in Canada would demand the authorization of Parliament as the necessary preliminary to the dispatching of a contingent to participate in the conflict in the Near East."

War was avoided in the Near East by the Turkish Government agreeing to meet the Allied powers in a conference. That was the Lausanne Conference. The King Government seized upon this as another opportunity to assert Canada's right to decide her own policies and obligations in the field of foreign relationships.

The British Government advised Ottawa that while no Dominion representatives were being invited to Lausanne, Dominion Governments would be kept fully informed and would be invited to sign the new treaty. The King Government replied to the effect that Canada would be bound by the resulting treaty only to the extent determined by the Canadian Parliament. When the British Government responded that it realized that the treaty with Turkey would have to be approved by the Canadian Parliament, the King Government repeated its reservation indicated above and added that Canada's "Parliament will desire, as respects the treaty with Turkey and any other instruments arising out of the Lausanne Conference, to reserve to itself the right to decide, upon the merits of the case, what action on the part of the people of Canada is right and proper." In February, 1924, after several exchanges of a similar tone and character, the British Government expressed the hope that Canada would signify her concurrence with the British ratification of the Treaty of Lausanne. The King Government was able to utilize even this very tentative proposal to emphasize again Canada's right to decide for herself. The

Dominion Government replied to the following effect: Canada had not been invited to send representatives to the Conference. As she had not taken any part in the proceedings and was not a signatory to the Treaty, the Dominion Government did not consider that it should recommend the approval of the Treaty to Parliament and without such approval it would not signify concurrence in the Treaty's ratification.

Thus the Chanak incident provided the Dominion Government with an opportunity to refuse to share responsibility for what at first appeared likely to become a British-made war. The Lausanne Conference which followed gave Mackenzie King an opportunity to make it clear that Canada did not have to accept or share responsibility for a British-made peace. These two incidents undermined the whole structure of centralization and empire diplomatic unity established at the Imperial Conference of 1921, and carried the struggle for Canadian sovereignty a long step forward.

The third incident was the negotiation of the treaty between Canada and the United States for protection of the halibut fisheries in the North Pacific. These negotiations enabled the Dominion Government to demonstrate that Canada was able to take care of her own external affairs on the diplomatic field as well as to decide for herself whether or not Canada should accept responsibility for diplomatic agreements of the British Government.

Protection of the halibut fisheries off Canada's Pacific coast is purely a Canadian problem. Geographically no other part of the British Empire is involved. The Canadian Government insisted, therefore, that the negotiations with the United States should be conducted by Canada alone and should be Canadian throughout. In spite of the protests of the British Government, and Sir Auckland Geddes the British Ambassador at Washington, and in spite of the protests of the United States Senate, which wanted the proposed treaty to be in the form desired by the British

and applicable to the whole British Empire, the Canadian Government won its point. It won by simply refusing to execute any instrument except a treaty between Canada and the United States as two sovereign states. As a result the United States Senate had to ratify the treaty in the form proposed by the Canadian Government and Ernest Lapointe signed alone for Canada. The Dominion Government rejected the "last hope" British proposal that Sir Auckland Geddes should sign it "in association with Mr. Lapointe."

These three incidents went far to undermine the structure of Empire centralization and imperial diplomatic unity so carefully planned at the 1921 Imperial Conference. It went far, also, to strengthen the fight for full Canadian sovereignty. The British Government had retreated from the position that it would represent the whole Empire at Washington. The King Government had asserted and maintained the right of the Dominion to refuse to send troops at the request of the British Government and to withhold its signature from a treaty for which Canada did not want to share responsibility. In the Halibut Fisheries Treaty negotiations, the Dominion had asserted its right to exclude the signature of the British ambassador from a treaty between Canada and another power.

The rising finance-capitalist interests in Canada had been offered two alternative and exclusive policies to support. Under Arthur Meighen's leadership the Tories advocated "for the greater glory of the Empire," a policy by which the special interests and aims of Canadian finance-capital would tend to be merged in the interests of the Empire as a whole. It reflected a rigid mid-Victorian conception of the Empire and world relationships. Against that policy there was ranged widespread popular sentiment and active political opposition. Influential public men, ranging politically all the way from nationalists typified by Armand Lavergne, Henri Bourassa and John Ewart K.C., to Canadian imperialists typified by Sir Clifford Sifton, and representatives of the rapidly growing U.S. interests in Canada,

identified themselves with that opposition and with demands for establishment of Canadian sovereignty—especially in decisions concerning peace or war. Mackenzie King tacitly allowed his name to become associated with that point of view. The success of King's tactics of asserting Canadian sovereignty by bits, avoiding an open head-on collision with the British Government over the fundamental principle involved, was making progress and was clearly strengthening the bargaining power of Canadian finance-capital, both within the Empire and with the United States. It was this basic issue of policy and not Arthur Meighen's declaration at Hamilton* which swung powerful financial and industrial interests away from their traditional support of the Conservative Party to support of Mackenzie King.

Mackenzie King's victory in the parliamentary crisis precipitated by Lord Byng's refusal to dissolve Parliament upon his request in 1926, climaxed this whole development with a Dominion election. The decisive issue raised by King against Lord Byng and the Tories in that election was that of the right of the Canadian people and their House of Commons to exercise complete and responsible self-government in Canada.

The result of the 1926 election was a sharp warning to the British Government no less than to the Conservative Party at home that the Canadian people demanded complete and responsible self-government. The 1926 Imperial Conference met shortly after Baron Byng had attempted unsuccessfully to encroach upon the sovereignty of the Canadian Government and it acknowledged the collapse of efforts to achieve Empire centralization. It gave formal recognition to the fact that the Governor General was *no longer an agent of the British Government in the Dominions*. It declared by resolution that the Governor

* In which Meighen shocked many naive Tories by declaring himself in favor of a vote of the people before a declaration of war.

General "is the representative of the Crown, holding in all essential respects the same position in relation to the administration of public affairs in the Dominion as is held by His Majesty the King in Great Britain . . ." and that "it is the right of the Government of each Dominion to advise the Crown in all matters relating to its own affairs."

The report of the 1926 Conference registered a drastic reversal of the policy outlined in the Conference of 1921. The report outlined an entirely new concept of the British Commonwealth. While it stressed the moral unity of the Empire on every page, its political significance was that it acknowledged practically all the gains made by the advocates of decentralization and full Dominion sovereignty. It signalized the abandonment of efforts towards Empire diplomatic unity and emphasized instead that the essential element in Commonwealth relationships was voluntary co-operation. In place of imperial centralization and diplomatic unity it emphasized equality of status, freedom of action and diplomatic individualism. Its most important passages were the following:

The position and relationship (of the Dominions) may be readily defined. They are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown and freely associated as members of the British Commonwealth of Nations . . . subject to no compulsion whatever.

Among the numerous problems of the new relationship that were discussed at the Conference were the alternatives of passive and active Dominion belligerency. Recognition of the right of each Dominion to decide upon such alternatives according to its own interests was embodied in the section of the final report dealing with foreign policy in the following statement: "The governing considerations underlying all discussions of this problem (of foreign policy) must be that neither Great Britain nor the Dominions should be committed to the acceptance of active obligations except with definite assent of their own governments."

The decisions of the 1926 Conference placed the seal of formal British Government acknowledgment upon the victories gained by the Dominions in a struggle for the exercise of sovereign power. This was later embodied in an enlarged form in the Statute of Westminster. The Statute of Westminster in 1931 brought the legal theory of the Commonwealth into line with events. But the Canadian monopolists and their political representatives were careful to prevent the assertion of their sovereignty from becoming the starting point for extension or strengthening the democratic rights of Canada's people. They inserted a specific provision that Canadians cannot amend their Constitution. It can be amended only by the request-consent process, by which Canada requests the British Government to adopt the desired amendment or amendments to the British North America Act. This limitation upon Canada's exercise of sovereignty is not imposed upon us by the British Government. It reflects the calculated aim of the monopoly interests in Canada to limit actual constitutional changes strictly to those measures necessary to secure them sovereignty in practice and retain every vestige of the old and outworn colonial relationship which may help to obstruct popular action. Here we have conclusive evidence that Frederick Engels was correct when he prognosticated that Britain's English-speaking colonies would evolve into self-governing extensions of the metropolis.

5. THE ROOTS OF IMPERIALIST POLICY

A great many people who are shocked by the depredations of finance-capital, which hurt Canadians, reject the idea that Canada has become an imperialist state. Others dismiss the question of whether or not Canada has become an imperialist state on the ground that it is an academic question with no immediate bearing upon the interests of

the majority of Canadians or the policies that they should support. Each of those points of view is completely mistaken. It is every bit as necessary to understand our political environment as it is to understand our physical environment. If democratic Canadians are to be united in the achievement of democratic progress it is essential that the aims of those who oppose it should be well and widely understood. For these reasons the question of Canada's status and the character of the domestic and foreign aims of Canadian capitalism are of vital and concrete importance.

In 1916 Lenin demonstrated in his carefully documented exposition* the fact that with the development of modern, finance-capitalist imperialism, world capitalism entered a new and qualitatively higher stage of development. He showed that since the turn of the century the countries of the world had been divided into two main types. On the one hand there were the highly industrialized countries needing to export ever increasing quantities of capital as well as of consumer goods and vitally concerned to secure monopoly control of essential raw materials as well as markets.

Distinct from those were the economically backward countries which had, in varying degrees, been made dependent upon one or other of the advanced countries for industrial products, markets for their natural products, and capital for development. Furthermore, because of the intimate relationship between industrial development and the power to make modern war, the world was already dominated by half a dozen great imperialist powers. *The rival aims and interests of the great powers had become the decisive factors in international relationships, diplomacy and war.***

* V. I. Lenin: *Imperialism: The Highest Stage of Capitalism*.

** Not every imperialist state is necessarily a great power. For example, Portugal, Belgium and Holland continued for a long time to enjoy the profits of modern imperialism by virtue of alliance with great powers.

Lenin described finance-capitalist imperialism as "The Highest Stage of Capitalism" because it is characterized by certain features, *essential to it*, which are historically more advanced than simple competitive capitalism. He described it as "The Final Stage of Capitalism" because the very features which mark its historically higher character developed only by undermining the base while sharpening the crisis of the capitalist world system. He described the general transitional character of the imperialist epoch in the following words:

Imperialism emerged as the development and direct continuation of the fundamental attributes of capitalism in general. But capitalism only became capitalist imperialism at a definite and very high stage of its development, when certain of its fundamental attributes began to be transformed into their opposites, when the features of a period of transition from capitalism to a higher social and economic system began to take shape and reveal themselves all along the line. Economically, the main thing in this process is the substitution of capitalist monopolies for capitalist free competition. Free competition is the fundamental attribute of capitalism, and of commodity production generally. Monopoly is exactly the opposite of free competition; but we have seen the latter being transformed into monopoly before our very eyes, creating large-scale industry and eliminating small industry, replacing large-scale industry by still larger-scale industry, finally leading to such a concentration of production and capital that monopoly has been and is the result: cartels, syndicates and trusts, and merging with them, the capital of a dozen or so banks manipulating thousands of millions. At the same time monopoly, which has grown out of free competition, does not abolish the latter, but exists over it and alongside of it, and thereby gives rise to a number of very acute, intense antagonisms, frictions and conflicts. Monopoly is the transition from capitalism to a higher system.*

In his illuminating exposition Lenin showed that the source and foundation of imperialist policies are to be found in five specific features which characterize and distinguish the economy of finance-capitalist imperialism. These

* V. I. Lenin: *Imperialism*. Chapter 7, "Imperialism as a Special Stage of Capitalism."

are, also, the features by which it is possible to distinguish with exactitude between the exploiting imperialist group of countries and the non-imperialist countries of the world. "Without forgetting the conditional and relative value of all definitions, which can never include all the concatenations of a phenomenon in its complete development,"* Lenin defined the five *essential* developments which mark the imperialist epoch and distinguish imperialist states as follows:

1. The concentration of production and capital developed to such a high stage that it has created monopolies which play a decisive role in economic life.

2. The merging of bank capital with industrial capital, and the creation, on the basis of this "finance-capital," of a "financial oligarchy."

3. The export of capital, which has become extremely important, as distinguished from the export of commodities.

4. The formation of international capitalist monopolies which share the world among themselves.

5. The territorial division of the whole world among the greatest capitalist powers is completed.**

The extent to which each of these developments is now an essential feature of Canadian economy is remarkable. The process by which production and capital are being concentrated has been outlined in the foregoing pages; the length to which the process has already been carried is indicated by the following unchallenged characterization of Canadian economy quoted from the brief submitted to the Rowell-Sirois Commission by the Communist Party of Canada in 1937:

The list of Canadian industries is almost entirely a list of the names of great corporations. In metals we have International Nickel—a world monopoly. In iron and steel two dominant companies and their subsidiaries are rapidly being merged into a combine. In agricultural implements two great companies get the bulk of the selling. In automobiles three companies did 90 percent

* *Ibid.*

** *Ibid.*

of the business in 1934. In chemicals one firm dominates and through interlocking directorates the few existing firms operate practically as one. In flour milling five mills have 73 percent of the capacity and four of them control bakery chains which sell 90 percent of the bread in their districts. In meat packing Canada Packers does 60 percent of the business. One firm sells half of the sugar sold in Canada. In tobacco, the Imperial Tobacco Co. has only one relatively small competitor. In cans, one company sells two-thirds of the total output. In coal, 85 percent of the output of Nova Scotia is controlled by one company and one company dominates similarly in British Columbia. In paper four companies have 40 percent of the total newsprint capacity. In power, a few giants own the total resources. In gasoline, Imperial Oil rules with one follower. In aluminum, there is one company. The list could be indefinitely extended and it would show a concentration of economic power greater than in the largest capitalist countries. The concentration on the industrial side goes hand in hand with an even tighter control of Canadian finance by the handful of men who sit on the directorates of five banks and their associated trust and insurance companies.*

The foregoing was written in 1937. The dominant role of monopolies in Canada's economy has been further accentuated during the war. Today Canada's economy is even more highly monopolized than is the economy of the United States. The following description, written by Lenin in 1916, applies with full force to Canadian economy today:

Competition becomes transformed into monopoly. The result is immense progress in the socialization of production. In particular the process of technical invention and improvement becomes socialized.

This is no longer the old type of free competition between manufacturers, scattered and out of touch with one another, and producing for an unknown market. Concentration has reached the point at which it is possible to make an approximate estimate of all sources of raw materials (for example, the iron ore deposits) of a country and even, as we shall see, of several countries, or of the whole world. Not only are such estimates made, but these sources are captured by gigantic monopolist combines. An approximate

** Submission of the Central Committee of the Communist Party of Canada to the Royal Commission on Dominion-Provincial Relations. p. 32.*

estimate of the capacity of markets is also made, and the combines divide them up amongst themselves by agreement. Skilled labor is monopolized, the best engineers are engaged; the means of transport are captured; railways in America, shipping companies in Europe and America. Capitalism in its imperialist stage arrives at the threshold of the most complete socialization of production. In spite of themselves, the capitalists are dragged, as it were, into a new social order, a transitional social order from complete free competition to complete socialization.

Production becomes social, but appropriation remains private. The social means of production remain the private property of a few. The general framework of formally recognized free competition remains, but the yoke of a few monopolists on the rest of the population becomes a hundred times heavier, more burdensome and intolerable.*

The second development named by Lenin as an essential feature of imperialism, "the merging of bank capital with industrial capital," with the resulting over-riding power of the finance-capitalist oligarchy which dominates both banks and industry, is very far advanced in Canada. For example: the directors of Canada's 11 chartered banks and the Traders' Finance Corporation hold between them more than 1,200 directorates in various financial, industrial and commercial concerns in addition to their bank directorates. Those 1,200 directorates enable the big shots of finance-capital in Canada to determine and co-ordinate the general policies of finance, bond and investment companies, insurance companies, companies producing steel and steel products, coal mining and coke production, non-ferrous mining and smelting and refining firms, power companies, shipping and transportation, including commercial air lines. They include directorates of steam and electric railways, oil and rubber companies, pulp and paper companies, grain and milling companies and bakeries — chain and otherwise. They include directorates in the firms which dominate production of cotton, woollen, silk and rayon textiles, sugar refineries and bakeries, candies and dairies. They include directorates in firms engaged in construction, and in produc-

* V. I. Lenin: *Imperialism*. Chapter 1.

ing construction materials, in telegraph and telephone communications, and in firms which produce the equipment for same, in chemicals, paints and dyes, in printing, publishing and office supplies, in lumber and wood products, in radio and electrical products, in automobile and aircraft production, in production of farm machinery and equipment and fertilizers, in beverages, meat packing, shipbuilding and operation, in theatres, on the boards of directors of sports arenas, on the boards of hospitals and universities.*

Even more important than the simple enumeration of the number of directorates these men hold is the fact that they are almost invariably directorates in the biggest firms in their field and in the trust and investment companies which dominate large and varied groups of interests. The combined assets of the companies of which these men are directors constitute a very large proportion of the total assets of all Canadian enterprises. Much more important, their interlocking directorates co-ordinate control of all the biggest monopoly concerns in the country. As a result there is not a single aspect of the economic life of the nation which is not dominated by representatives of finance-capital and subordinated to its policies through the interlocking directorates held by the directors of 11 banks and the Traders' Finance Corporation.

The foregoing indicates the extent and the ramifications of the economic power wielded by the directors of the 11 chartered banks but it is only a partial picture. To get the full picture the reader must bear in mind the fact that the main lines of policy are determined for the men who thus co-ordinate Canadian economy by a numerically small but all-powerful clique which dominates the policies of finance-capital in Canada.

By far the greater part of the financial and economic power of the entire system is concentrated in four of the

* For some details of the number of directorates held in the various branches of the national economy see Appendix 3.

11 banks. These four, the Royal Bank, Bank of Montreal, Bank of Commerce, and Bank of Nova Scotia, dominate considerably more than half our national economy. The merging of bank and industrial capital and the dominating role of the finance-capitalist oligarchy in Canada are illustrated vividly by the role of 16 men representing the big banks and co-ordinating their interests. This oligarchy, the members of which are rarely changed except by death, reflects both the varied interests of finance-capital in Canada and the interlocking of the groups of interests which share control of the banks.

In 1946 the oligarchy included Morris Watson Wilson, William Forrest Angus, J. McG Stewart, C.B.E., K.C., Harrison G. Smith, and Arthur Cross of the Royal Bank of Canada; C. F. Sise, D. C. Coleman, Ross H. McMaster, Blair Gordon, W. G. Murrin and Norman Dawes of the Bank of Montreal; J. S. Duncan, H. R. MacMillan, Gordon Cameron Edwards of the Bank of Commerce. The oligarchy includes J. Y. Murdoch of the Bank of Nova Scotia, and, illustrating how thorough is the interlocking of the interests and representation in the finance-capitalist oligarchy, it includes H. E. Sellars, a member of the board of directors of the relatively small Imperial Bank. This group of 16 men held, in addition to their bank directorates, no less than 266 seats on the boards of directors of the largest and most important industrial, commercial and financial corporations in Canada. Their 266 places on boards of directors included no less than 116 presidencies or vice-presidencies of the dominant corporations in the country from Cape Breton to Vancouver Island. Truly did Lenin write: "The banks have developed from modest intermediary enterprises into the monopolists of finance-capital. Some three or five of the biggest banks in each of the foremost capitalist countries have achieved the 'personal union' of industrial and bank capital, and have concentrated in their hands the disposal

of thousands upon thousands of millions which form the greater part of the capital and income of entire countries.”*

The effect of such concentration of capitalist control upon politics was exemplified by the conditions revealed in the hearings of the Temporary National Economic Committee in the United States. The meaning of those striking revelations was summed up by a very competent student in the following words:

. . . The rise of the great corporations and the concentration of economic power within these agencies has facilitated the mobilization of financial resources and of instruments for controlling public opinion, with the result that pressures may be put upon the elected representatives to obtain legislation favoring those who control the corporations. . . . Popular government becomes government by pressure groups, and legislation tends to serve special interests rather than the common good.**

It appears that a pattern is being established; few business men seem to challenge it from an ethical standpoint or to have thought it out to its ultimate impact upon free institutions. No doubt many would brand as subversive anyone who might have the temerity even to raise the issue.***

The extent to which finance-capitalist monopolies dominate capitalist politics in Canada has been illustrated vividly several times. Our last Tory government, under Mr. R. B. Bennett, illustrated it several times during its five year tenure of office. A special session of Parliament was called to jack up the already high protection enjoyed by the textile and other interests producing consumers goods. Sixty million dollars of public money was lent to the CPR. Perhaps the most glaring illustrations were typified by the two following examples.

In October, 1931, the Bennett government passed an Order-in-Council which made it lawful for banks to value the securities they were holding at values considerably higher than they could have been sold for at that time. The

* V. I. Lenin: *Imperialism*. Chapter 10.

** David Lynch: *The Concentration of Economic Power*. p. 293.

*** *Ibid*. p. 300.

Order-in-Council was kept from the public at that time. When questioned about it two years later Mr. R. B. Bennett's sole excuse for the extraordinary proceeding was that there was a run on one of the chartered banks and it was thought by many that the bank might be a failure.* The Prime Minister's "explanation" revealed only a glimpse of the facts—they were that the bank involved was the Royal Bank, which had been involved in financing the speculative activities of a meteoric brokerage firm which had collapsed when prices stopped rising. Two months later the Bennett government used its Order-in-Council power again to save two or three of the big insurance companies from bankruptcy. There was considerable publicity at that time to the effect that the Sun Life Assurance Company had invested heavily in securities which were not by any means "gilt-edged" and the financial positions of several insurance companies caused concern to the big investment interests. On December 31, 1931, the Government passed an Order-in-Council which suspended the legal requirement that Life Insurance companies value their securities at their marketable prices and authorized the Dominion Superintendent of Insurance to value the securities held by insurance companies at the average of their market prices during the preceding five years—which included the speculative boom of 1927-28-29.

Thus did the Dominion Government act to preserve the economic institutions of which it was but the political expression. It was more than a coincidence that the Dominion Government, in co-operation with the Provincial Government of Ontario, was pressing ruthlessly during the same period to outlaw the Communist Party of Canada and throw the members of its National Executive into the penitentiary.

The fact that there was no outcry from any members of Parliament against the reckless and reprehensible misuse

* *Hansard*, March 21, 1933.

of governmental power did but mirror the subservience of all the political groups, then in the House of Commons, to the interests of finance-capital. Indeed, that relationship is mirrored continuously in the process by which it is maintained. The regularity with which appointment to the Senate is followed by election to boards of directors is the most common example of it. Mr. R. B. Bennett was a big shot among his fellow finance-capitalists when he assumed the debts of the Conservative Party to become its national leader. Others sometimes reverse the direction. Mr. Charles Dunning, for example, retired from parliamentary activity because of "heart trouble" and was promptly made a director of the Sun Life Assurance Co. to represent "the public." The remarks quoted below, which were exchanged between Mr. R. B. Bennett and Mr. Dunning (then Minister of Finance) in the course of the debate on the Speech from the Throne in 1936, illustrate exactly the extent to which successful market operations and the practices of finance-capital in general have become a claim to respect in the House of Commons:

Mr. Bennett (referring to Mr. Dunning): "... as indicating his improved fitness for his great position I omitted to state that he had also been president of a milling company. I express my regret."

Mr. Dunning: "I only yield to my right honorable friend in the amount of money he made out of the grain business."

Mr. Bennett: "I think there is not much doubt that the Maple Leaf* did not make much for its shareholders."

Mr. Dunning: "But the Alberta Pacific did!"**

Mr. Bennett: "It certainly did. I sold my shares at \$325. But that was not nearly so good as the shares of Canada Cement!"***

That exchange of repartee in the course of Mr. R. B. Bennett's speech in the debate on the Address from the Throne reveals more clearly than pages of figures could,

* The Maple Leaf Milling Co. Ltd., of which Charles Dunning had been president.

** The grain company with which Mr. Bennett had been associated.

*** *Hansard*, Feb. 10, 1936.

the dominant interest in the market and the manipulations of finance-capital which marks the bourgeois politician.

Let it be emphasized that the Tories are not alone in the service of finance-capital. This has been illustrated repeatedly—particularly during the war. One of the most glaring examples of all times was the various arrangements by which the King Government literally gave \$177 million to Aluminum Co. of Canada Ltd., of which corporation Mr. King's Minister to the United States, Leighton McCarthy, was a vice-president and director at the time.

The manner in which the finance-capitalist oligarchy seeks to dictate governmental policies in Canada was revealed by Mr. John B. McNair, Premier of New Brunswick. In a broadcast election address on Friday, June 18, 1948, Premier McNair told the people of his province:

Late in February 1940 I accompanied our Leader, Mr. Dysart, on a visit to St. James Street, Montreal. There we were told a thing or two. We were informed that the Government had bankrupted the Province and had placed in jeopardy the interests of the bond-holders. They laid down a blueprint for our future guidance—or so they thought.*

The Premier indicated that, through the leader of the official Opposition, the financial interests tried to exert their influence openly on the floor of the Provincial Legislature. He quoted the Opposition Leader as saying, anent the first Budget after the interview mentioned above:

I understand that the Province's bankers are very much upset because the Budget did not contain a Sales Tax. In their view the Budget will never meet the situation—if this is the opinion of the bankers I am inclined to agree with them.**

Later during the same year the Premier and the Provincial Secretary-Treasurer again waited upon the masters of finance-capital on St. James Street, Montreal. This time the bankers proposed a policy which, as he says, would have effectively prevented any progressive social measures:

* Reprinted in the *St. John Telegraph Journal*, Sat., June 19, 1948.

** *Ibid.*

When we pointed out that a fiscal program such as that, once embarked upon, would undermine all the other services so essential to the needs of the people back home—old age pensions, pensions for the blind, mothers' allowances—then in contemplation—education, health measures and so on—the reply was, "Credit must come first."*

As with the rise of monopolies and the coming to power of a finance-capitalist oligarchy in Canada, so with the export of capital. Canada has been exporting capital for some considerable time. As early as 1936 Mr. Charles Dunning, then Minister of Finance, pointed out that, on balance, Canada was exporting capital even during the years of crisis and deep depression.** Towards the end of the 1930's it was estimated that Canadians had about \$1.5 billion invested abroad.

Following the example of their contemporaries in Britain and the United States, Canadian finance-capitalist interests had already sunk their tentacles into Latin America in search of super-profits. Any Canadian who is honestly concerned as to whether or not large-scale export of capital is part of a significant change from "free competition" and the politics to which it gave rise should study the penetration of Canadian capitalist interests through the Royal Bank into Cuba. The ruthless exploitation of the poverty stricken peasants of Cuba in the effort to press down the price of their sugar cane, and the vicious influence of foreign capital in the politics of their country is one shameful aspect of it; another was the rapid development of systematic and lavishly financed pressure upon Canadian governments to limit assistance to the expansion of beet sugar production in Canada.

Having secured control of a substantial chunk of the sugar cane production in Cuba, with the chance to squeeze super-profits out of the Cuban peasants and reap other

* *Ibid.*

** In the course of his budget speech in April, 1936, Mr. Dunning pointed out that on balance Canada had exported capital to the extent of \$900 million during the depression.

fabulous profits from investments in various sectors of Cuba's economy, the interests which own the exported capital are now "protecting" the interests of their capital in Cuba by preventing the expansion of sugar beet production in Canada. That is a typical effect of capital exports. The effects of the capital exports represented by Brazilian Traction and its multifarious economic and political interests in Brazil vary from the effects of the export of Canadian capital to Cuba only in form.

The urge and opportunity for private individuals to invest abroad came to a temporary halt during the war but the Government continued the process. The large-scale repatriation of Canadian securities previously held in Britain did not immediately expand Canadian investments abroad, but it strengthened the factors calculated to bring rapid expansion of capital exports.

The wartime governmental credits to the British Government were in fact capital exports—consolidated when the \$1.25 billion post-war credit was negotiated immediately after the Anglo-U.S. loan was negotiated.* The finance-capitalist monopoly has Canadian economy organized in such a manner today that, once reconversion with its flush of new capital formation is passed, large-scale capital exports will be the only means of counter-balancing the disproportion between the too low purchasing power of the people and our increased and still expanding ability to produce. The export of capital is now extremely important in the monopolized economy of Canada.

Development of the fourth characteristic of imperialism defined by Lenin is also far advanced in Canada.

An official report on Canada's relationship to and participation in international cartels, submitted to the House of

* Introducing the budget in the House of Commons, April 29th, 1947, the Minister of Finance emphasized: "One of the main supports of our current high level of production and income, which is the result of special government action, is, of course, our large volume of exports, financed in part by the loan to Britain and by export credits to France, Belgium, Holland and some other countries."

Commons on November 8, 1945, revealed that a large number of Canadian establishments are partners to cartel agreements. Some of those agreements have at times overridden the policy of the Dominion Government, for example the international agreement delimiting the production and markets of Canadian Industries Limited (CIL). Canadian users of electric lamps and bulbs, radio tubes, electronics devices, dyes, tools, plate glass, soda ash, fertilizers, matches, sulphur, paint, chemicals, a large number of drugs, aluminum, electrical and rubber products, and a large number of other types of goods, are all being subjected to the additional exploitation made possible by the membership of the Canadian firms producing those goods in international cartels or their partnership in restrictive arrangements.

The report describes samples of the various types of cartel arrangements in which Canadian firms are partners and explains that the restrictive practices followed by international cartels are, "in most cases, made effective through the actions of domestic combinations or monopolies." The report adds: ". . . the following may be listed as typical forms of restrictive action engaged in by cartels: fixing of uniform prices, establishment of standard discounts or classes of customers, allocation of territorial markets, fixing of maximum sales or production quotas, limitation of exports or imports, limitation of the establishment of additional productive capacity or the introduction of new products, exclusive exchange of patents, setting up exclusive selling agencies or exclusive dealers."*

The report proceeds to describe sample operations of Canadian members of international cartels. It describes how monopoly prices are maintained regardless of declining production costs. It describes how monopoly prices were maintained in spite of the depression.

It is noteworthy that this official report helps to explain the fact, emphasized in the *Submission of the Communist*

* *Canada and International Cartels*. Report of Commissioner, Com-
oines Investigation Act, Oct. 10, 1945, p. 2.

Party of Canada to the Rowell-Sirois Commission, that Canadian monopolies maintained their profits with but little impairment despite the catastrophic decline of the national income during 1930-34.

The report describes how farmers are prevented from economizing by mixing their own fertilizers. It describes cartel arrangements under which the average useful life of electric light bulbs was deliberately reduced from 1,000 hours to 750 hours as a means of increasing sales. Marx revealed this inherent tendency of capitalism to subordinate the possibilities for production to the desire for profits. Explaining the reason for it, he showed that under capitalism, "production is merely production for capital, and not vice versa. . . . Thus, while the capitalist mode of production is one of the historical means by which the material forces of production are developed and the world market required for them is created, it is at the same time in continual conflict with this historical task and the conditions of social production corresponding to it."

The Commissioner's report reflects the growth of United States capital investments and influence in Canada and the consequent changing trend of the international relationships and agreements in which Canadian firms are partners. It notes that in 1941, 1,565 Canadian establishments, representing 18 percent of all the industrial and commercial establishments in the country, were controlled in the United States. It describes cartel agreements by which the participants ignore, or deliberately undertake to act contrary to the trade policies of the Dominion Government. The report describes one case in which the Canadian partner in an international cartel secured control of a process which had been developed at public expense. That portion of the report concludes with the following warning:

In participating in such arrangements Canadian exporters are given protection against competition in price at home and abroad, but in order to secure such protection they must give up the right to determine freely to what markets and under what conditions they may ship Canadian products. The price obtained for products

sold under cartel arrangements is presumably higher than would otherwise be obtained on world markets, and the net returns received by Canada for the goods exported will also be larger. However, the volume of our trade may be limited by the cartel so that expansion of Canadian industries may be slower than it would be if exports were made without restriction. The conditions imposed by the cartel agreement may run counter to Canadian trade policy, but if our exporters are to secure the advantages they see in the agreement they will be forced to follow the policy adopted by members of the cartel rather than Canadian government trade policy. These considerations apply to exports, but cartel arrangements, as we have seen, apply to domestic as well as export markets. The elimination of competition from abroad, either through the reservation of the Canadian market to firms in this country or by agreement as to price, leaves Canadian consumers no alternative but to pay the price fixed by the cartel members and to accept whatever products are permitted in the Canadian market. In some cases where the product is being exported, the price in Canada may exceed the export price and may even be equal to the price fixed in the principal world market plus the transportation charges to Canada. It is dangerous to have such power of discrimination subject only to the discretion of private interests.*

Truly did Lenin point out that, "the epoch of imperialism shows us that certain relations are established between capitalist alliances, *based* on the economic division of the world. . . ."**

Evidence made public in the course of the war crimes trial of the directors of the huge German combine Farbenindustrie showed that the sinister effects of international cartel agreements go further than price control. Brigadier-General Taylor pointed out at the opening of the trial that the directors and officials of the Farbenindustrie "deliberately used international cartels and syndicate arrangements as tools of German foreign policy." On September 2, 1947, the lawyers prosecuting the 22 directors introduced documentary evidence which showed that no less than seven Canadian firms, each outstanding in its own field, had been members of the world-wide network which, in Germany,

* *Canada and International Cartels*. p. 40.

** V. I. Lenin: *Imperialism*. Chapter 5.

operated under the name of *Farbenindustrie*. The manner in which such cartel agreements seek to evade or over-ride the decisions of national governments is revealed in the excerpts from correspondence concerning Canadian participants in Appendix No. 1.*

But, argue some people, Canada cannot be characterized as an imperialist state because she doesn't possess or exploit any colonies.

That attitude is based upon a fundamentally erroneous conception of the basis, the political character and the driving forces of finance-capitalist imperialism. Possession of colonies is not the test of whether or not any particular state is imperialist—the sole test is the structure and the level of development which characterizes its national economy. Lenin showed that finance-capitalist imperialism is a specific historical stage of capitalism. Just as industrial capital typified a distinct and higher stage than merchant capital out of which it evolved, so finance-capital typifies a distinct and higher stage of development than the free competition, with separation of bank and industrial capital, out of which it evolved. Lenin showed that the merging of bank and industrial capital is more than a technical development. The merger, or the marriage as it is aptly described, was a necessary accompaniment of the rise of monopolies, and the monopolies that it made possible have speeded up the concentration of investment capital into huge impersonal aggregations which press ever more heavily upon the direction of government policy and for possibilities of safe and profitable investment abroad.

The rise of finance-capitalist imperialism divided the countries of the world into two groups: a small number of rich imperialist states—exploiting the non-imperialist states as well as the colonies and striving to make them increasingly dependent. What Lenin emphasized concerning colonies was that "the territorial division of the whole world among

* Page 255.

the greatest capitalist powers is completed." That fact helped to illustrate the maturity of imperialism—not to define which were imperialist states.

The foregoing correction of those who think it is wrong to define Canada as an imperialist state because she possesses no colonies is complete by itself. A word should be added however. The argument that Canada does not exploit any colonies is not absolutely true. Canada does not "own" any colonies but we have shared in the advantages of Britain's colonial monopolies through imperial preferences and investments much as though we were actually part "owners."

Today, Canadian finance-capital is assisting United States finance-capital in its drive to abolish British Empire Preferences. The billions of U.S. dollars invested here were an influential factor in bringing about this reversal of Canadian policy but not by any means the decisive one. The decisive influence in bringing about subservience to the United States is the "new" aim of the masters of Canadian finance-capital to merge their aims with the world aims of United States imperialism.

Canadian monopolists are aiming now to make themselves junior partners of United States finance-capital. They count upon the technical efficiency and capitalist resources of United States imperialism to conquer world markets and destroy Britain's colonial monopoly. For their own avaricious aims they are subordinating our national economy to the needs of U.S. monopolies. They are undermining Canadians' control over the direction and type of economic development in our country. Along with their transfer of the control of economic development in our country they are, deliberately and systematically, undermining the national independence of Canada.

Thus Canada has evolved, from a group of isolated British colonies in North America to an imperialist state. Winning national sovereignty as a result of growing strength, plus the economic and political contradictions between Britain and the United States, Canada was transformed from a

country with national economy and state policies characterized by free capitalist competition, to a highly monopolistic economy with state policies which reflect the merging of the policies and power of the state with the interests and policies of the finance-capitalist oligarchy; and the directors of the policies of finance-capital are seeking now to make Canada literally a dependency of the United States.

The fact that practically all the wartime control and production boards were dominated by members or trusted employees of the inner circle of the "big shots" of finance-capital was not an accident. It was the logical and, in the prevailing conditions, inevitable result of the fact that the relationships between the finance-capitalist oligarchy and each of the old capitalist parties are such that if their industries were to be "controlled" they themselves would do the controlling and make sure that government control operated to their interests.

For the same reasons the modifications of governmental policy and attitude in both domestic and external affairs—particularly the hurried changes made immediately after the war—reflect the changed aims of finance-capital. Indeed they are reflected so faithfully that the general line of the policies of either one can be described correctly by the aims of the other. It illustrates the power in Canada of what Lenin described as "a financial oligarchy, which throws a close net of relations of dependence over all the economic and political institutions of contemporary bourgeois society without exception. . . ."*

The domination of governmental policy in Canada by the monopoly interests is mirrored in the subserviency of each of the old capitalist parties to the aims of finance-capital. It contradicts the impression that, in introducing the Abbott Plan, the King Government was in conflict with the aims of Canadian monopolists. Monopoly capitalism is Imperialism, anti-democratic in Canada today, anti-Canadian

*V. I. Lenin: *Imperialism*. Chapter 10.

in its unity with Wall Street, characterized above all by its search for domination, and by aims which, unless checked by popular democratic action, can only lead to continued and ever more devastating war.

III. The Crisis of Imperialism and The Danger of a Third World War

1. THE RISE OF THE NEW DEMOCRACY

THE WORLD CONDITIONS and relationships that were reflected in the rise of finance-capital in Canada do not prevail today. The possibilities for our continued national development are as great as ever but, as Part One of this book shows, national policies must be changed. The alternatives with which we are confronted are new. Today, Canadians are literally compelled to decide whether we will co-operate economically and politically with peoples who are establishing new social systems or allow our own welfare to be sacrificed in efforts to prevent their success; whether Canada's national policies shall help to maintain peace and make it enduring or will support United States imperialism in its ruthless drive to war.

The Second World War ushered in profound economic and political changes in many parts of the world. In a number of countries which had been occupied by the fascist powers the changes were revolutionary. The land-owning aristocrats and bankers allied with foreign investors were unable to re-establish their traditional control of governments and national policies. Instead, the anti-fascist forces led by the Resistance Movements set up governments of a new type—anti-fascist People's Governments.

The political basis of the People's Governments is important because, along with the manner in which they came

to power, it illuminates both their aims and the attitude of the imperialist governments towards them.

The Resistance Movements, which aided the United Nations by continuing war against the fascist invaders throughout occupied Europe, united workers, peasants, intellectuals and professional people. They included nationalists and catholics as well as communists and socialists. Many of both nationalists and catholics had been the victims of violent anti-communist prejudice before the war. Many of the nationalists had been members or supporters of organizations which looked favorably upon German and Italian fascism. In resistance they were united in the struggle for national freedom. The war they waged was at the same time a civil war. They fought against the armed forces of the fascist powers and they fought against those of their own countrymen who collaborated with the fascist invaders. Liberation of their country meant also their victory over the collaborating traitors. The economic and political sources and beneficiaries of collaboration in each country were the land-owning aristocracy, the big industrialists and the bankers—who more often than not represented foreign investment interests. Thus, national repugnance to domination by foreign financial interests, contempt for absentee landlords, industrialists and financiers who had sought favor from the fascist conqueror, and national determination to eliminate the danger of a recurrence of such a tragedy inspired all patriotic people. Their sentiments coincided with the deep popular admiration for the Soviet Union and the powerful support for Socialism that was rooted in the working class.

The great estates were broken up and millions of peasants were given land. Central banks, insurance companies and decisive sectors of industry were nationalized. The properties of individuals who had collaborated with the fascist powers were confiscated, political parties which had supported such collaboration were outlawed. As a part of the

world war for liberation, People's Revolutions were carried through and New Democracies were established.

The People's Governments are not communist governments nor proletarian dictatorships, but neither are they capitalist governments. They are based upon the unity of interests of the workers and poor peasants against capitalist exploitation and landlordism. They reject imperialistic finance-capital and its striving for domination. They represent the war-born anti-fascist alliance of workers and farmers supported by the majority of urban middle class people. They are carrying through the agrarian revolution. They are rehabilitating their national economies on the basis of close co-operation with each other and with the USSR. Thus their consolidation created conditions which enabled the Communists in each of those countries to declare their confidence in the possibility of a peaceful transition to Socialism. The policies being pursued by the People's Governments are such that the transition to Socialism *will* be accomplished, and quickly, provided only that peace is maintained.

The accomplishment of a peaceful transition to Socialism by the 100 million people of central, eastern and south-eastern Europe will produce a revolutionary effect upon world politics. The continental scale of industrial development that it will make possible will shift the political and economic centre of Europe—unless the governments of the countries of western Europe adopt policies of mutual co-operation, in which case the economy of Europe as a whole will undergo a new great cycle of development.

The continent of Europe is not the only part of the world to which victory over the fascist powers brought change. Profound and far-reaching changes are taking place in almost all the lands which were until recently called "the colonial countries." The peoples of India, Indonesia, Burma, Indo-China, Ceylon, Malaya and half a dozen other countries, which before the war seemed to be helpless colonial

possessions of one or other of the imperialist powers, are determined to win national freedom. Their post-war status varies: from the limited freedom secured by Indonesia, Dominion status, as in India and Pakistan, or formal national independence as in Burma. In all the colonial countries there are now mighty people's movements fighting militantly for national independence. Their independence struggles are on an incomparably greater and higher scale than ever before. The militant struggle of colonial peoples for national independence is an important and irrepressible part of the world transformation. Among other things the people of Asia learned in the course of the war that their white masters were not invincible and that a nation which desires to be free must be prepared to fight for its freedom. The effects of this in Asia were immediate and far-reaching.

In China, where the imperialists now use Chiang Kai-shek as their running dog instead of trying to re-establish the machinery of open domination upon which they used to depend, there is such a ferment of democratic aspiration and activity that Chiang Kai-shek's hold upon power is precarious even with the ponderous assistance that he receives from the United States in the form of cash, credit, arms, equipment, and officers to train his "Americanized" army and plan his military campaigns. In North China and Manchuria 100 million people are living under the "New Democracy." Within the areas still controlled by Chiang Kai-shek tens of millions more desire to achieve democratic self-government. In January 1948, it was reported in the press that Chiang Kai-shek's forces were preparing defensive positions right around Nanking, his capital city.

Led by China and India the peoples of all Asia are fighting for national independence and democratic progress with a will and a tenacity that cannot be gainsaid. In the aggregate those nations number half of all mankind. They can no longer be suppressed. The old empires are breaking up. Their break-up, which is an outward sign of the crisis of

imperialism, is intensifying and deepening the crisis of the imperialist system still further.

Thus the world war for people's freedom, in which the three imperialist states of the Fascist Axis were destroyed, changed the relationship of forces throughout the imperialist system. Of the victors only one great power, the United States, emerged with the masters of finance-capital unchallenged and strong enough to offer effective opposition against the tidal surge of democratic action that the war had set in motion. Without United States support the reactionary imperialist interests of France, Holland, Belgium and Britain could not have effectively resisted either the independence movements in their colonies or the upsurge of democratic forces in their own countries and throughout Europe.

Within the older imperialist states, including the United Kingdom, the war brought a powerful revulsion of popular opinion against politics and policies determined by the impersonal but ever increasing demands of huge accumulations of anonymous capital. There is a growing realization that the real interests of the nation are served only by politics and policies which stem from and serve only the interests of the people. As a result the people are turning increasingly for national leadership to parties which take their stand on the fight against finance-capital and its imperialistic monopolies.

These facts gave to the establishment of the World Federation of Trade Unions a much deeper significance than was expressed in the organizational achievement alone—great as that was. Its deepest significance was that it reflected the breakdown of the power of those servants of finance-capital who, until the war, had succeeded in keeping Labor divided. The uniting of 65 million trade unionists of the USSR, the New Democracies, the colonial countries and the imperialist states, in one world federation was organized Labor's response to the new relationship of world forces ushered in by the war. It illustrated Labor's inherent desire for unity

and the role that Labor can play in the struggle for people's democracy.

The decisive factor in the new relationship of world forces is the dynamic role being played by the Union of Soviet Socialist Republics. The new role of the Soviet Union mirrors the whole gamut of political changes ushered in by the war. The people of the Soviet Union and their Red Army emerged from the war literally "covered with glory." Contrary to the hopes of the imperialists—in Canada as elsewhere—their state system and their socialist economy was unshaken by invasion, organized devastation, and terrible losses of manpower. They waged war efficiently as well as heroically and victoriously, under conditions which no other modern state system has ever coped with successfully.

The united heroism of the Soviet people, the role of the USSR in the war and the agreements consummated at Teheran, Yalta and Potsdam, gave the Soviet Government the moral and political right to speak with high authority in the shaping of the peace. The post-war role and authority of the USSR reflects more than its own great strength, however. It reflects the fact that, while the imperialist system is shaken to its foundations as a result of the war, the anti-imperialist sector of the world emerged immensely bigger and stronger. In direct proportion as the territories and populations accepting imperialist leadership are reduced, the territories and populations led by anti-fascist governments dedicated to the building of the New Democracy have expanded—and they are still growing. The colonial peoples who are winning their national independence are all potential allies of the progressive camp of world opinion in the struggle to abolish imperialism with its corollaries of fascism and war and win, through the New Democracy, Socialism. The pressure of the finance-capitalist interests to stop the spread of the New Democracy and re-establish the domination of imperialism with its ruthless exploitation, was the source and the driving force of the Truman Doctrine and the Marshall Plan.

2. FINANCE-CAPITAL VERSUS SOCIAL PROGRESS

The masters of finance-capital and its monopolies and cartels were panic stricken at the possibilities opened up by the post-war upsurge of democratic action. They and their political agents set to work to stop the spread of People's Governments in Europe, to crush or thwart the independence movements in the colonies, to stop the spread of the New Democracy in China and to stop the growth of militant Labor unity at home. The attitude and policies of wartime were discarded.

Under the incomplete title of "Get Tough With Russia", a policy aimed to "hold the line for finance-capital" was developed. Loans and credits which had been granted to New Democracies in Europe were cancelled before their Governments were able to use them*. The use of food as a weapon was resorted to in unscrupulous efforts to persuade hungry people to establish regimes acceptable to international finance-capital in return for bread.**

With the development of the plans and policies aimed at the re-establishment of the world domination of finance-capital and its monopolies, the United States monopolists and their government came forward more and more aggressively as the new centre of world imperialism.

This change was foreshadowed by developments which took place even before the war. It was emphasized in the principal address delivered to the national convention of the investment bankers at Miami, Florida, before the U.S. entered the war, the keynote of which was the following:

Whatever the outcome of the war, America has embarked on a career of imperialism. . . . Even though, by our aid, England should emerge from the struggle without defeat, she will be so impover-

* Exemplified in the most glaring manner by the unprecedented manner in which the credits to Czechoslovakia and Hungary were cancelled.

** For example, the public declarations of the United States ambassador to the hungry people of Yugoslavia.

ished economically and crippled in prestige that it is improbable she will be able to resume or maintain the dominant position in world affairs which she has occupied so long. At best England will become a junior partner in a new Anglo-Saxon imperialism. . . . Southward on this hemisphere and westward across the Pacific the path of empire lies . . . the sceptre of power passes to the United States.*

The new aims and role of United States imperialism were expressed clearly in the rapidly changing relationships between the United States and the British Empire. These changes bore out with striking exactitude Lenin's explanation of "the law of uneven economic and political development under capitalism." The process was speeded up tremendously after the fighting stopped. The ambitious aims of United States imperialism were expressed in scores of statements and items typified by the following which appeared in the New York *Herald Tribune*:

With the passing of the British Empire one of the great balance wheels of the 19th century world has disappeared. . . . There is a great vacuum in the world, which is going to be filled either by the Soviet Union or by the United States.**

Today, the United States has completely replaced the United Kingdom as the fountainhead of imperialist policy and is spearheading the drive of world reaction.

The United States Government, supported by the British Labor Government, set out to unite as many governments as possible against the ideals and aims proclaimed in the Declaration signed by the Big Three at Yalta. Pressing its opposition to any and every anti-capitalist trend, the United States Government started to insist that countries and nations be recognized and treated as "democratic" only if they conformed to the requirements of the U.S. State Department.

* Dr. Virgil Jordan, President of the National Industrial Conference Board, to annual convention of the Investment Bankers of America, Miami, Florida, Dec. 10, 1940.

** New York *Herald Tribune*, Mar. 3, 1947. Note the reference to the British Empire in past tense.

To those governments which accepted the leadership of the United States, generous loans and credits were promptly made available. For example: Turkey, the government of which co-operated with Germany all through the war, received a loan of \$50 million, a further loan of \$100 million, and President Truman warned Congress late in 1947 that more would be needed. Logically enough, the first loan was granted hurriedly when the question of whether Turkey would co-operate with the USSR or support the anti-Soviet campaign then being organized by the U.S. was becoming acute. Today, United States army and air force engineers are transforming Turkey into a vast military air field.

In China, the corrupt, oppressive and unrepresentative regime headed by Chiang Kai-shek was favored with assistance from the United States aggregating approximately \$3 billion during the first two years after the war. This was a far greater amount than all the financial assistance given to China while the war was in progress. Let it be noted further that more than half of all the \$3 billion was to finance transfer to Chiang Kai-shek of U.S. military equipment and supplies and included continuation of lend-lease supplies on the wartime basis. On top of financial aids the U.S. Government trained and equipped 40 divisions of troops for Chiang Kai-shek during the first 12 months after the defeat of Japan—as compared with only 20 divisions during the entire war.

How different was the attitude of the United States Government towards the peoples and their governments which Winston Churchill chose to term “the communized Balkan bloc.” Two different ultimatums were presented to Yugoslavia by the United States demanding that its government stop exercising its normal sovereignty within the national boundaries of Yugoslavia. Bulgaria and Poland were informed publicly by the United States and upon occasion by Britain that diplomatic relations would be broken off unless election laws were changed to conform

with the demands of the U.S. State Department. United States naval and air forces joined with British army forces in warlike demonstrations of their support of the pro-fascist Royalists during the elections in Greece. United States military advisers were attached to the army of the fascist government of Greece against the People's army in the north. Reparations transfers from the British and U.S. zones of Germany to the Soviet Union were stopped arbitrarily in spite of President Truman's solemn agreement at Potsdam. A United States credit previously granted to Czechoslovakia was cancelled because a member of the Czechoslovakian delegation at Paris applauded Soviet delegate Vishinsky when he denounced the dollar diplomacy being practised in Europe by the United States. Truly did Lenin emphasize that "the striving for reaction and domination all along the line" is the main characteristic of the policies of finance-capitalist imperialism.

On March 12, 1947, the man who became president of the United States via the unexpected death of his sponsor Franklin D. Roosevelt, proclaimed the "Truman Doctrine." This is the doctrine that United States money, economic power, diplomacy, propaganda, and even her armed services shall be concentrated upon what the President represented as a world-wide crusade to stop the spread of Communism.

That speech was official presidential repudiation of Roosevelt's plan for long-term co-operation between the capitalist and non-capitalist sectors of the world. *Barron's Weekly*, one of the most consistent voices of Wall Street, applauded the speech as follows: "Mr. Truman cannot be thanked too gratefully for his honest and straightforward presentation of the reasons for embarking on a course so alien to that of his widely worshipped predecessor . . . We might claim that in throwing overboard Yalta and Teheran, and boldly rewriting Potsdam, we are bypassing the errors of fifteen years."* Another and very different estimation of the speech

* *Barron's Weekly*, March 17, 1947.

was voiced by ex-Vice-President Henry Wallace however. Condemning the President's proposal that the United States should underwrite the anti-democratic semi-feudal regimes in Greece and Turkey against the urge to democratic progress in those countries, Mr. Wallace wrote:

President Truman cannot prevent change in the world any more than he can prevent the tide from coming in or the sun from setting. But once America stands for opposition to change we are lost. America will become the most hated nation in the world.*

3. TWENTIETH CENTURY KING CANUTES

The declared aim of the Truman Doctrine is to oppose Communism everywhere. The drive to isolate the socialist sector of the world intensified the contradictions besetting the imperialist system and one of its first fruits was a crisis in the trade and economic relationships of the capitalist sector of the world. The drive to split the United Nations politically led to the splitting of Europe economically. The drive to prevent the reconstruction of industry in the New Democracies and the USSR by refusing credits or loans, condemning millions of their people to hunger by cutting off food supplies when they had no food reserves, forced the New Democracies and the Soviet Union to reliance upon and co-operative development of their own resources.

This was a bitter but not entirely new situation. The people of the Soviet Union transformed their sixth of the earth from an extremely backward to an advanced country with a mighty socialist economy in less than 20 years under exactly the same conditions. Nations cannot be killed by trade and credit boycott, nor can progress be stopped. The New Democracies are already on the high road to economic

* *New Republic*, March 15, 1947.

recovery. In association they will be a major industrial factor within a few years. Between them they are rich in natural resources. Poland has a very large potential for iron and steel production in addition to her forest and agricultural wealth. Yugoslavia is rich in metals—she will be able to produce cheap aluminum for the entire continent. Czechoslovakia already has highly developed industries, including heavy industry, to help industrial development; Hungary and Rumania in particular have large grain growing areas and oil. Between them the New Democracies have good seaports on the Baltic, the Black and Adriatic seas. In co-operation with the nearly 200 million people of the USSR they are going to be the most rapidly progressing and the biggest economic group—potentially the biggest market—in the world.

But the situation in Western Europe is different. The vicious tactic of the imperialist bloc, of which the Canadian Government is a part, took away from Western Europe the traditional market for its industrial products and, thereby, one of the main sources for its raw material supply.

In their impatience to harvest in full the spoils of victory, the United States imperialists are seeking to solve in their own favor some of the deep contradictions between the interests of United States and British imperialism. A far-reaching regrouping of capitalist governments is under way. A majority of the governments of capitalist countries, with our own Dominion Government well in the lead, are seeking actively to make their trade, financial, foreign, and domestic policies satisfactory to the United States. The finance-capitalist interests which work through Washington want more than that, however. They want to eliminate the economic advantages of Empire which have so far enabled British industry to avoid the test of straight unmitigated competition with United States industry in empire markets. They did succeed in undermining them to such an extent that the most acute and the most obvious feature of the crisis

when it broke into the open was the crisis of dollar scarcity in the sterling area.

The source of that crisis was, of course, deeper than the manoeuvres of United States imperialism. It stemmed from the fundamental and inherent contradictions of the profit system—now intensified and operating on a world scale as a result of the crisis of imperialism. Bankers and business leaders imagined that they might solve the contradictions by improved techniques. The situation is such, however, that the more smoothly they put over their imperialist “solutions”, the more they deepen the contradictions and worsen the situation—as has been illustrated several times by the U.S. State Department. The fundamental and inescapable fact is that even with the elimination of German and Japanese imperialism and with the Italian empire “in hock” there is now, within the imperialist sector of the world, too much imperialism and not enough sector. To the conflict between the imperialist and socialist sectors of the world there must be added the conflict of interests between the imperialists themselves.

The ultimate source of the conflicts which have resulted in two world wars during our generation is the complex of insoluble contradictions which came to a head with the maturing of finance-capitalist imperialism. The vast and irresistible spread of industrial development in the hitherto “backward” areas of the earth is part of this historical process. As the industrial potential of the world unfolds in the new conditions ushered in by the war, the strength of the working class and its role in determining the direction of world development will increase. Peoples now in colonial servitude will win national independence. The New Democracy will spread.

That is the inexorable process that the leaders of finance-capital imagine, Canute-like, that they can stop. Instead of adopting policies which would enable the capitalist countries to share in the tremendous job of transforming the world, they strive, stupidly as well as viciously, to force world

economy and world trade back into the framework of the profit system which could not contain it before the war. In their reckless efforts to prevent progressive social change they destroyed all the wartime hopes for organized long-term co-operation between the capitalist and the socialist sectors of the world. They deliberately created, throughout the capitalist sector of the world, an atmosphere typified by Winston Churchill's proposal that the imperialist powers force "a showdown with Moscow before the Russians develop atomic weapons. . . ."*

4. THERE IS A DANGER OF A THIRD WORLD WAR

Until the Red Army's smashing advance to the Oder made United Nations' victory certain, Canadians were given to understand that our national post-war policies would include continued co-operation with all the nations that we were allied with during the war, with as much help as we could give to help them make good the devastation they had suffered. The Prime Minister, members of his cabinet, bank presidents and industrialists, all encouraged that idea, urging large-scale credits "and in some cases outright gifts" to help the people of liberated areas.

But assurances that the Dominion Government would pursue such a post-war policy ceased with the fall of Berlin. The appearance that Canada would adhere to the democratic world aims proclaimed by the Big Three at Yalta, began to dim even before the Japanese capitulation. Decided modification of governmental attitude took place while Mackenzie King was in London during the weeks immediately following the Japanese surrender. Two months after

* Speech in British House of Commons, Jan. 2, 1948.

that surrender, Messrs. Truman, Attlee and King issued their startling joint Declaration on the atomic bomb.

That joint declaration signalized considerably more than agreement that the United States alone should retain the secret of the atomic bomb. The statement signalized a basic reorientation of U.S.-Canadian-British policy. The leaders of the three countries indicated their intention to replace the Big Three unanimity, upon which the Roosevelt-Churchill-Stalin agreements had been predicated, by a U.S.-British-Canadian bloc.

The basis of the Atom Bomb Declaration was even more significant than the startling change of aims that it signalized. Agreement by the British and Canadian Governments that the United States should retain the monopoly of the atomic bomb while they joined the U.S. Government in an anti-Soviet bloc expressed their recognition of the new role of the United States. It signalized Britain's acceptance of U.S. leadership.

The full significance of that change was not recognized immediately. It is clear now that it marked a profound shift of the political centre of the imperialist system from the British Empire to the United States. It marked assertion by the United States of unchallenged domination of imperialist world policy. The change *does not* mean that the dream of the right wing Social-Democrats has come true. The imperialist states have not achieved "ultra imperialism." Imperialist rivalries have not been overcome, they persist and deepen. The contradictions between British and United States imperialist interests in the oil-rich Middle East, in Southeastern Asia, in the markets of Latin America, etc., are as profound as ever. The decisive difference is that the relationship of forces within the shrunken and crisis-stricken imperialist system has undergone a drastic change.

Before the war six great imperialist powers with their satellites controlled five-sixths of the earth. The United Nations smashed the imperialist states of Hitler's Axis, but with the exception of the United States, the imperialist

great powers of the United Nations emerged from the war with their national economies near ruin. Their ruin was part of the breakdown of the imperialist system.

It is clear now that pre-war conditions can never be restored. Today, the choice confronting the peoples of Britain, Canada and other capitalist countries is of advance to the New Democracy or of political and economic retrogression in subservience to United States imperialism. The lesser imperialist states cannot choose between adherence to one or other rival group of imperialist powers—there is, now, only one imperialist bloc and it is dominated by United States imperialism.

The joint Atom Bomb Declaration marked the fact that Prime Ministers Clement Attlee and Mackenzie King had chosen subservience to United States imperialism. They would have denounced anybody who had suggested then that, as a result, their governmental pronouncements would become virtual echoes of political decisions made in the United States; but that is what has happened.

Changes in Mr. King's domestic policy followed the joint declaration promptly. Price, wage, and tax policies were all changed. Foreign loan and export credit policies were changed also. The unscrupulously stage-managed "spy scare," the demonstrations of calculated anti-Soviet hostility of which the Government made it the occasion, the peremptory stoppage of work on orders that were to have been financed by a Canadian-Soviet credit arrangement, those changes were calculated to satisfy even such Soviet haters as Senator Vandenburg and James Byrnes as well as Col. Drew and Maurice Duplessis. At the same time they intimidated or confused thousands of Canadians who had recently started to think about the fundamental significance to Canada of friendship with the governments which represent the new form of society that is spreading over the Old World. Every change in Canadian policy reflected specifically *exclusive* aims in contrast with the *inclusive* aims that

Mr. King had declared would characterize his post-war foreign policy.

The change in Canada was but a duplicate of the change which took place in Britain and the United States. Within less than a year the high popular hopes built up during the war were largely replaced by pessimism. In the sphere of world policy the close co-operation between the leaders of the United States, the Soviet Union and Britain which enabled the United Nations to conquer every obstacle, physical and political, during the war, was replaced by a bitter diplomatic conflict and a North-American campaign of anti-Soviet propaganda so provocative and hostile as to have caused even nationally known United States commentators to describe some of it as characterizing the last stages of governmental relations before war.

When the sharp differences in the Foreign Ministers' Conference and the acrimonious debates of the Paris Peace Conference were followed by the more conciliatory atmosphere of the first regular session of the United Nations' Assembly, a substantial number of people assumed that concern about the danger of war had not been justified. They were completely mistaken. As the National Convention of the Labor-Progressive Party emphasized during June 1946, the question was not then and is not now simply whether or not the actual outbreak of hostilities is imminent. The vital question concerns the basis of relationships between the great powers. The policies and relationships established in the shaping of the peace settlement are vitally important influences in determining whether the world is headed for a lasting and constructive peace or if it is headed for a seemingly irresistible drift to a third world war. It was precisely to prevent such a drift that the principle of Big Three unanimity was agreed upon.

The principle of Great Power unanimity or, as the United States and Canadian people have been taught to think of it, the right of veto, was the political keystone of the United Nations Organization when it was founded.

That, indeed, was one of the features which distinguished it most sharply from the "League of Nations." President Roosevelt himself proposed the principle and it is of fundamental significance that the United States Government still wants the right of veto to be retained. When General Marshall put forward the proposals aimed to circumvent the veto power of the USSR he was careful to emphasize that he favored retention of the power of veto on all questions that the United States Government considers decisive. But the principle of Great Power unanimity cannot be maintained and at the same time whittled down for one Great Power at the behest of another. The attempt to utilize a majority vote to restrict the protection provided by the veto is an attack upon the very purpose for which Roosevelt proposed that, on certain questions, no action should be taken except by the unanimous agreement of the Great Powers. As the foreign minister of the USSR pointed out during the sessions of the Paris Peace Conference:

The veto stimulates the Great Powers to work jointly, hindering the intrigues of some against others. . . . The veto principle demands that all the Great Powers give attention to their common interests and the interests of universal peace. It prevents the creation of narrow blocs and groups of some Powers against other Powers. Still more does it prevent anyone bargaining with an aggressor behind the backs and contrary to the interests of the peace-loving countries.

The principle of Great Power unanimity embodied in the veto is the most essential feature of the new conception of world co-operation upon which the United Nations Organization was based.

What was the reason for the breakdown of Big Three unity? What is the source of the acute diplomatic conflict over the peace settlement? United States' Secretaries of State, whether Mr. J. F. Byrnes or General Marshall, invariably blame it upon the Soviet Government. A large number of liberal-minded people in the United States, and some in Canada imagined for a while that the source of the conflict

was to be found in the efforts of British imperialism to maintain the Empire and its colonial advantages for British capitalism. Still others, in Britain and Canada as well as in the United States, did for awhile believe that Sumner Welles—Under-Secretary of State during most of the Roosevelt period—was correct: he said that the causes of the trouble were lack of a clearly defined general objective for President Truman's foreign policy, lack of knowledge of the problems of foreign policy on the part of President Truman's appointees, and lack of adequate preparation in the State Department for conferences and negotiations.

A little study shows that all such "explanations" sidestep the real cause of the breakdown of wartime unity and the danger of a third world war. What those explanations treat as causes are actually only effects. To say that they are the source of the danger of war is akin to saying that a locomotive runs because steam comes out of its exhaust.

The real reason for the change in the foreign policy of the United States and other countries in which finance-capitalist interests are dominant was admitted by Senator Warren Austin in his speech to the United Nations Assembly's Political Security Committee in Paris on Oct. 12, 1948. The Soviet Union had proposed that each of the five great powers reduce their armaments immediately by one third, and that the United Nations Assembly adopt a convention prohibiting the atomic bomb, with simultaneous establishment of international inspection and control to make the prohibition fully effective. Senator Austin opposed the proposal *in toto* in a speech which was declared to be a considered policy statement. The Senator rejected and opposed the proposal for a cut in great power armaments on the ground that Soviet policy is founded upon antagonism to capitalism. The remainder of his speech was devoted to violent denunciation of the spread of the New Democracy in Europe and Asia and the role of communist parties, and to asserting the determination of the United States Government to stop the spread of such social change if possible.

Mr. Walter Lippman, whose knowledge of the motivation of United States foreign policy is rarely questioned, casts light upon the source of the danger of war in his urgent insistence that the Government should hasten to "redress the balance of power" between the United States and the Soviet Union. Like Mr. Louis St. Laurent, Mr. Lippman is able to speak or write freely about matters to which, because of political considerations, the U.S. Secretary of State refers only indirectly. Thus, commenting upon Premier Stalin's response to Henry Wallace's open letter during May 1948, Mr. Lippman went to Secretary Marshall's assistance by arguing openly against discussions or negotiations aimed at settlement of outstanding differences between the two governments because, in his opinion, the United States had not yet achieved a sufficient preponderance of military power. He argued against the proposal for disarmament. It would not affect the strength of the Red Army, he argued, because the weapons with which the Red Army is equipped "are not weapons of mass destruction."

Indeed, he declared:

The Russian military power cannot, as a matter of fact, be disarmed. It is not in "armaments." It is in inexhaustible reserves of soldiers. These soldiers can be withdrawn into the Soviet Union. They can be demobilized and sent back to the farms and factories. But that is all. There is in reality no such thing as Russian disarmament. There is only Russian demobilization.*

Many Canadians will be surprised at the attitude displayed in that statement. Most democratic people agree that it would be good for humanity if the military power of all governments were limited at least to the types of weapons which, Lippman says, constitute the armament of the Red Army, i.e., ". . . machine guns, artillery, tanks, tactical airplanes." Even more surprising was Mr. Lippman's admission that United States opposition to proposals for disarmament is related, not to defence of the United States but to

* Syndicated column, May 20, 1948.

its drive to achieve overwhelming strength in arms and equipment for aggressive warfare. Mr. Lippman explains that, whereas the military power of the Soviet Union "is in inexhaustible reserves of soldiers," the military power of the United States must be in:

armaments which are capable of striking at long range—in complicated and expensive engines and machines which take years to manufacture, which only the United States can, in fact, manufacture in large quantities.*

Those words mirror the drive of the United States imperialists to transform the "cold war" declared by Truman into a shooting war, at the earliest favorable opportunity.

Walter Lippman explains what U.S. politicians, diplomats and militarists refer to when they talk about the necessity to "redress the balance of power." They refer to the aim of the post-war armaments program of the United States which is in fact a preparation for aggressive warfare far away from the Western Hemisphere. The reason for that program has been revealed by one of the top policy planners of the U.S. State Department, Mr. George Kennan. In an authoritative article in the July 1947, issue of *Foreign Affairs* he tried to justify the cynical idea that the central aim of United States foreign policy must be to force the break-up of the Soviet Union unless Socialism is abandoned there.

That is the source of the danger of a third world war, the cause of the breakdown of Great Power unanimity, the cause of President Truman's sudden betrayal of Roosevelt's policies. It is the source of the Truman Doctrine and the Marshall Plan. It is the source of aggressive jingoistic propaganda in favor of "a showdown with Russia now, before she has the atomic bomb." The breakdown of wartime unity and the danger of another world war stems from the reckless drive of the United States Government, supported by the Governments of Canada and the United Kingdom, to stop

* *Ibid.*

the spread of the New Democracy and re-establish the sway of finance-capital in the Old World—if necessary by war.

If the aims of those interests are achieved the main result can only be an insane and devastating world war—this time a war provoked in a futile effort to stop the advance of the democratic masses of people in other lands.

The question that the people of Canada must answer is the following: "Should we allow Canada's interests to be sacrificed and our country made a U.S. war base or should we unite to maintain Canada's independence and thereby weaken the drive to fascism and a third world war?"

There is still time for the Labor movement and its democratic allies to win the majority of the nation for the support of policies based upon the aim to maintain our national independence. The efforts to revive fascist ideology and activity in Canada *can* be defeated. Conditions and the relationship of political forces in Canada and the world today are vastly different from what they were during the years which followed the First World War and from the conditions which prevailed on the eve of the outbreak of the Second World War. Two world wars in this century have created conditions which make it possible for us to prevent a third, and the world-wide urge for a better and more secure life will not be denied.

Millions of Canadians realize now that the alternatives which confront them are not whether or not there is to be social change—or even conflict around social change—but whether *they* will exert *their* efforts in favor of progress or reaction. During the war the leaders of the United Nations called upon democratic people to "eliminate every vestige of fascism." Those who want democratic progress and lasting peace will give no quarter to the efforts now being made to revive fascism—in the disguise of super-Canadianism and super-Americanism—but fascism none-the-less. They will seek the unity of all democratic forces. They will seek the enactment of progressive social legislation which corresponds with the tremendously expanded possibilities for complete

social security for all in Canada. They will seek the development of economic co-operation between Canada and the New Democracies in Europe. They will seek the defeat of the warmongers in Canada — and elsewhere. They will seek to defeat the efforts of the United States, Canadian and British Governments to transform the United Nations into an instrument of imperialist policy. They will seek to make Canada an active and effective champion of the principle of Great Power unanimity. None of these things will be easy, but they are possible of accomplishment. Certainly serious and concerted efforts and activities to accomplish them are the indispensable means to prevent the triumph of fascism at home or abroad. The fight against fascist tendencies is part of the fight for the new and better world. The disillusionment of millions of people with the capitalist system is emphasized by the rapid decay of the political philosophy and parties which have mirrored its development. The decay of capitalist politics in Canada is a sign that it may be possible to unite the majority of Canadians in time to defeat the warmongers.

The struggle to free Canada from involvement in the war plans of United States imperialism is a struggle to unite Labor and its democratic allies against the parties of monopoly capital—and to defeat them. Canadian politics are already in the process of transition. The fight to unite and consolidate the forces of democratic progress is the crucial feature of the fight to keep Canada out of war and to help thereby to preserve world peace.

5. WHO WANTS A THIRD WORLD WAR?

How consciously the Truman Administration reversed the basic line of the foreign policy that had been so brilliantly developed by Franklin D. Roosevelt was illustrated by the fact that when the Paris Peace Conference concluded in October 1946, not one of the men who had served in Roosevelt's cabinet remained in President

Truman's cabinet. They had all been replaced by successors whose main claim to office was that they had disagreed with the Roosevelt policies. Senator Vandenberg, Republican chairman of the Senate Foreign Relations Committee and, as the representative of the majority in the Senate, adviser to State Secretary Byrnes at the Peace Conference, explained the reason for these changes of personnel in his own way when he returned from Paris. A newspaper man asked the Senator whether he cared to comment upon the charge that President Truman's "new bi-partisan" foreign policy "no longer follows the Franklin D. Roosevelt pattern." The Senator replied in part: "I should say that we are earnestly seeking to return to it after it was partially scrapped by the late President himself at Yalta."

Walter Lippman explained the "seriousness" of the change in United States policy in an analysis in which he argued that the most effective U.S. policy would be:

. . . to build up American power at a selected point where, if war comes, the Soviet Union would from the outset be on the defensive. That point is manifestly in the Eastern Mediterranean . . . there it would be feasible for the United States, employing the kind of force with which we are best equipped, to redress the balance of power which has been radically upset by the demobilization of the Western land armies, by the enfeeblement of Europe, by the disunity of China, and by the re-organization of the British Empire.*

Let it not be assumed that the above represents but the sensation-mongering of an imaginative columnist. Essentially the same point of view has been expressed, officially and semi-officially, by governmental spokesmen at regular intervals ever since President Truman's first Navy Day speech after the end of the war.

In the United States, Canada and the British Isles, the scrapping of the Yalta Agreement and development of a pro-war policy is "justified" by a barrage of misrepresentation, distortion and sometimes outright falsehood. By techniques that have been developed to utilize Hitler's

* New York *Herald Tribune*, Sept. 7, 1946.

"revelation" that the majority of people will believe anything if it is told to them often enough, a completely false explanation of the policy being pressed by the U.S.—with the support of Canada and the United Kingdom—is popularized. In spite of the fact that, of the four great powers, the United States, Britain, France and the USSR, the Soviet Union is *the only one* which had no armed forces outside her own borders except occupation forces in enemy territories, they popularized the lie that the Soviet Union was threatening Europe, or China, with armed aggression. By dint of systematic and unscrupulous repetition millions of men and women in the U.S. and Canada have been made to believe that there really is a "menace of Soviet expansionism."

A member of the United States Senate* asserted, seriously, to a convention of ex-servicemen that "Russia has gobbled up more territory in the two years since the war than all the territorial gains that were made by Hitler. . . ." On the basis of that utterly false statement the Senator built up a case calculated to make all but the very well informed among his audience believe that preparation for war against "Russia and her totalitarian satellites in Europe" was necessary for the security of the United States. That sort of demagoguery would not be effective did it not correspond with the policies of the Governments of the United States, Canada and the United Kingdom. It is effective *because* it corresponds with governmental policies and with the public statements of authoritative governmental spokesmen. For example, consider the following typical headlines and quotations from Canadian daily papers: "Secretary of Navy Declares United States Naval Forces in Mediterranean to Support U.S. Policies in that Area." "U.S. Government Backs Turkey Against Soviet." "Prime Minister Attlee Delivers Sharpest Attack Yet Against Russia." "President Truman's Speech, Like State Secretary Byrnes' Speech, In-

* Senator Bridges at the Convention of the U.S. Veterans of Foreign Wars, Cleveland, Ohio, Sept. 5, 1947.

cluded Implied Bill of Particulars Against Russia." "Winston Churchill Warns Against Russian Communism, War May Be Unavoidable." "Another War Inevitable if Russian Aggression Unchecked, Says Drew." "President Truman Names Russia as Foe."

The systematic cultivation of prejudice and suspicion against the USSR was the screen behind which the Truman Administration discarded the democratic perspective proclaimed by Roosevelt. The care with which that vicious prejudice was created spotlighted the cynicism of the regular protestations of Mr. J. F. Byrnes when he was Secretary of State: "I regret the growing tension between the Soviet Union and the United States," and Secretary of State Marshall's rejection of what he termed "the Soviet Peace Offensive."

General Marshall's real reason for rejecting the Soviet suggestion for discussion of all outstanding differences was revealed shortly afterward when the Foreign Ministers of the U.S., Britain and France met in London. Their meeting to decide upon the future of Germany, with the Soviet Foreign Minister excluded, was by itself a repudiation of one of the specific provisions of the Potsdam Agreement. The decisions that they made in that conference cast aside the idea of demilitarizing Germany and undertook, instead, the re-establishment of the industrial war potential of Western Germany. Their decision to set up a separate government for their three zones under the control of the United States, British and French Governments, was a calculated measure to establish a puppet Western German State as the arsenal of "The Western Military Alliance" against the USSR and the New Democracies of central and eastern Europe.

There is a danger that mankind may be plunged into another world war. The danger stems from the reckless drive of the United States Government and the finance-capitalist interests that it serves to prevent the consolidation of the

New Democracies and to block democratic advance everywhere.

The Union of Soviet Socialist Republics and the new People's Democracies need peace. They need peace to carry through the economic and social reconstruction which will give their people comfort and security and, as nations, make them self-sufficient and strong. Stalin and numerous other communist and non-communist leaders of those countries have pointed out repeatedly that the political and economic systems of eastern Europe and North America can live together in peace, and that economic co-operation between them would benefit all mankind. But the imperialists whose aims are expressed most clearly in the foreign policies of the United States, Britain and Canada, are seeking to exploit this urgent need for peace by threatening war. Hostile policies are backed up by economic discrimination and threats. They organize impressive demonstrations of naval power. They carry out "terrifying" atomic bomb tests. They organize elaborate propaganda campaigns to tell all the people of the world about U.S. plans for "guided missiles" with a range up to ten thousand miles, to deliver atomic bombs accurately to any selected spot; of how, from bases stretched across Northern Canada, they will be able to destroy any city and vital transportation link in the Old World. All these and numerous other types of propaganda combined with the plan for air, naval and military bases all round the world, are combined in a comprehensive drive to re-establish the hegemony of international finance-capital. If they fail to accomplish their aims by such "peaceful" measures, then continual aggressive provocation may provide the incident of which Senator Vandenberg will be able to say: "it violates our conception of human rights and fundamental freedoms," which, as he also suggested could be made the occasion for war.

For Canada a third world war would be disastrous indeed. To pretend otherwise is mischievous nonsense. But the Canadian beneficiaries of finance-capitalism and its

monopolies and cartels are working overtime to involve Canada in the aggressive pro-war policies headed by the United States regardless of that. In Canada, just as in the United States and Britain, there are powerful interests and influential men who are prepared to plunge mankind into war to stop the rising tide of people's action if aggressive diplomacy and frenzied propaganda can bring about what they consider a "good cause" in favorable circumstances.

United States strategists and tacticians, political and military, make it very clear that their plans and preparations for "the next war" are all based upon the premise that it will be a war "to stop the spread of Communism." Because the political objective of the war they talk about is so clearly established they do not hide the fact that their military and air preparations turn almost exclusively upon "the strategic North." The United States Army and Airforce carry out training exercises and cold weather research and experimentation in the Canadian North. The U.S. Navy carries out extensive naval exercises around Canada's northern coasts. The United States Government pressed for the establishment of joint Canadian-U.S. Arctic bases and the Dominion Government agreed to the joint establishment of a chain of "meteorological" stations. The U.S. War Department prepares for the eventuality of large-scale transfer of forces to Canada by asking for—and receiving—legislative action by the Canadian Government which authorizes United States military forces in Canada to set up their own courts and operate independently of Canadian laws and Canadian courts—as in any other occupied country. Canadian arms, equipment and military training are being changed to make them conform with U.S. designs, methods and standards—as does Canada's foreign policy.

But it is Canadians and their homes that will suffer if war is allowed to start. Canada would be an occupied country, the receiving end as well as the launching site for rocket-borne atomic bombs. How wrong, therefore, are those in Canada who defend the policy of making Canada's

voice in foreign affairs an echo of the voice of the U.S. Secretary of State and of placing our North at the disposal of the U.S. War Department. Mr. Mackenzie King "explained" his new policy by claiming that in the present period "the Polar regions assume a new importance. . . ." That "explanation" attempts to by-pass the fact that the decisive change in the significance of the Canadian North is precisely that the United States is preparing now to use it as a base for military operations across the Arctic. The more blatant of the reactionary sections of the press don't resort to such "explanations" as advanced by Mr. King. Most of them adopt the attitude typified by the *Montreal Gazette* which describes the United States preparations for use of Canada's North as "only all too modest."* The length to which Canadian monopolists are prepared to go in their desire to secure the rewards of partnership (even as a very junior partner) in the imperialist game of United States finance-capital is shown at its worst in the irresponsible jingoistic statements of Col. George Drew.

Only a few people who listen to Mr. Drew remember that he used exactly the same arguments during the war as he is using today. Then he was advocating an end to what he called the suicidal conflict between Britain and Germany. He advocated an Anglo-German alliance to destroy "Russian Communism." Then Mr. Drew fostered the idea of Canadian partnership with German and Italian fascism. Today he fosters the idea that Canada can share, profitably and with relatively little danger, in a war against the New Democracies and the Soviet Union—which, let it be noted, would in effect mean a war against the whole of Europe. The interests that Col. Drew serves, consider the new world mission of the English-speaking countries to be that of making the inherited fortunes and the interests of the monopoly-capital profiteers of Canada safe from the growing and spreading challenge of Socialism. Col. Drew himself and others like him, would probably be honestly surprised

* *Montreal Gazette*, Sept. 5, 1947.

to learn what a large proportion of Canadians are realizing that the true interests of our country will be better served by policies which help to maintain the new People's Democracies in the Old World and to make Canada one of their partners in progress.

Colonel Drew and the interests that he serves are aggressive in their attitude that "war with the Soviet Union is inevitable sooner or later and the best time is now while we have the atom bomb and Russia hasn't got it."

The attitude of monopoly-capital and its political henchmen in Canada was expressed with brutal frankness in the following words, quoted from the *Monetary Times* of Toronto in its issue of November 1948:

"We can start out with the premise that it is quite unlikely that the systems of private enterprise and communism can live alongside each other without a major impact . . . inasmuch as the Russians appear to be achieving great success with peace and are unlikely to gain more by war, the conflict will have to be of our own making, sparked eventually by some 'event' either in Berlin or elsewhere in Europe, where Russia and the West may come into conflict."

The Democratic People's revolution in central and eastern Europe will not be stopped. The changes brought about during the war and since are more than changes of frontiers and governments. Deeper and vastly more far-reaching than changes of frontiers are the profound changes in the national aspirations of peoples in various parts of the world. The new People's Governments have already carried the democratic reconstruction of their national life a long way. In addition to distributing the land to the peasants and nationalizing decisive sectors of their national economies they have instituted far-reaching educational, electoral and other social reforms. The people will not surrender these fundamental gains.

The peoples of the Far East want their national freedom. They see in the policies of the imperialist governments

evidence of die-hard opposition to genuine national independence and popular self-government or—as in China—efforts to preserve imperialist advantage through governments which are dependent upon or allied with the imperialist powers. There again the imperialists are doomed to failure. As the Communist Party of China declared in its manifesto to the Chinese people on July 7, 1946:

Independence, democracy and peace have become the three inseparable objectives of our people. Those who deny us independence and democracy will first of all deny us peace, for only through civil war can they curb the forces of the Chinese people demanding independence and democracy and expedite their military dictatorship and military intervention. Without democracy there can be no genuine independence and peace in China; while without complete independence in China, all talk of peace and democracy will be even emptier.

Finally, it should be noted that the Col. Drews of monopoly capitalism are forgetting that, just as the struggle to determine world policy is no longer a purely horizontal struggle, between governments exclusively, so it must be recognized that the conduct of war is no longer the complete and exclusive monopoly of governments. The age when princes and princelings—or their governments—waged war and concluded peace, with the masses of the people as passive pawns, has gone. We are in the age when the masses of the people participate actively and consciously in the struggle to determine the outcome of wars. This was demonstrated vividly in World War I. It gained recognition as a major factor in World War II. The resistance movements throughout Europe, the tremendous achievements of the People's Armies of China, no less than the historic anti-fascist struggle in Spain and the voluntary "No Strike" policy of the trade union movement at home, each illustrated a profound fact which marks our era: namely, that the masses of the people can be rallied to fight and, if need be, to die in organized struggle against Fascism and its aims, and democratic people everywhere correctly identify Fascism with the policies and aims of monopoly capitalism.

If the terrible catastrophe of a third world war should be permitted, then the people, the popular democratic forces of progress, will be the determining factor in deciding its outcome and that outcome most certainly would not strengthen decaying imperialism.

It is a policy of adventurism. Its recklessness reveals how seriously impaired is the fundamental situation and perspective for imperialism. It is not less criminal because it is stupid, but, even if they should succeed in provoking a third world war, they cannot possibly re-establish the world hegemony of international finance-capital. The imperialist system as a whole was seriously weakened by World War I and the Russian Revolution. The tremendous consequences of World War II, particularly the fact that its main characteristics became those of a People's War for Freedom, reveal that in the world as a whole, imperialism is in deep crisis, is in decline, and the evil power of finance-capital is crumbling.

IV. Interests and Parties in Canada's Transition

1. THE POLITICS OF REACTION AND WAR

ONE OF THE great theoreticians of military strategy described war as "politics pursued by other means." There is a similarity between the road to fascism and the road to war. Like war, fascism matures only as the fruit of policies which, when first adopted, appear to be aimed at other and lesser objectives.

During the decade of the 1930's, all who cared to observe saw the inseparable relationship between fascism and war. The coming to power of fascist governments marked the end of partial economic and political stability. It was characterized by the introduction of chauvinistic, inflammatory, jingoistic propaganda as an instrument of state policy. But that was only the *evidence* of the relationship not the reason for it. The decisive, although less obvious reason for the inseparable relationship between fascism and war was, and is to be found in the fact that there is inherent in monopoly-capitalism a drive for reactionary domination and war. Fascist parties become powerful when their methods and techniques coincide with the aims and the needs of the dominant finance-capitalist interests, and when the democratic forces in the country fail to "nip fascist tendencies in the bud." It is this fact which makes the post-war upsurge of fascist activities, coinciding with the changed aims of international finance-capital, such an ominous warning to democratic people who want peace.

"But," protest a lot of people who would like to accept Mr. Mackenzie King's assurances, "how can there be any danger of a revival of fascism? Wasn't the fascist Axis defeated? Aren't Hitler and Mussolini dead?" The frequency with which such questions are asked shows that capitalist propaganda has done an efficient job of preventing the majority of people from understanding fully the character and the source of fascism. The struggle to "eliminate every vestige of fascism" was proclaimed as a continuing post-war task in the most important joint declarations of the wartime leaders of the United Nations. What is needed today is wider understanding on the part of democratic people of the manner in which fascism develops, the source of its support, what it represents and how to destroy it.

Fascism is the open terroristic dictatorship of the most reactionary circles of monopoly capitalism.

Fascism is the politics of monopoly capitalism in the final stage of its struggle against the advance of popular forces. As the representatives of finance-capital lose confidence in parliamentary democracy, even in its truncated finance-capitalist form, they resort increasingly to the support of activities calculated to weaken, thwart, or nullify the effects of the forward drive of the democratic masses.

As fascist activities develop, they assume varied forms to suit whatever means and methods reaction has to utilize, to gain a mass base in opposition to Labor and its democratic allies. Fascism exploits the prejudices and illusions, as well as the traditions of the people. A bulletin issued to United States troops overseas in March 1945 warned the troops that "a fascist attempt to gain power in America... would use the appeal of... super-Americanism."

Parliamentary government does not necessarily exclude fascism; on the contrary, fascist tendencies develop in bourgeois parliamentary democracy, for example, note Section 98 and the LaCroix Bill. The representatives of reaction strive to weaken or outlaw anti-capitalist parties and to emasculate the Labor movement, striving continu-

ously to impose onerous conditions upon the trade union movement, restricting its political influence and its economic power. If the democratic forces fail to offer effective opposition to such tactics, then political conditions are created in which fascist groups flourish by exploiting hostility to Labor, to left-wing political activities, cultivating or creating violent prejudice and national animosities, fantastic propaganda about racial superiority, with glorification of mob violence—particularly against Jews and other minorities.

Fascism and fascist aims were not the monopoly of Hitler and Mussolini and their Axis allies. Before the war there were well organized and aggressive fascist parties in numerous countries besides those which were termed "fascist." Hitler and Mussolini had ardent admirers and supporters in very high places in every country which had a mature capitalist economy.

Fascism did not arise full-fledged as a claimant for world power. It had very small, although not modest, beginnings wherever it developed, including the countries in which it became all-powerful. When it did become strong and the fascist countries made their clamorous bid for world domination, their threat was not against the profit system or the finance-capitalist monopoly, or the idea of imperialist exploitation, but against democracy—which the fascists declared to be obsolete.

It is remarkable how many industrial and political leaders in Canada and other capitalist countries agreed with the fascists on the latter point. The most glaring example was provided by Lord Lloyd, a member of the Chamberlain government in Britain, who acknowledged his agreement in a semi-official statement of "The British Case"* against Hitler, written after the outbreak of the war. The extent to which such agreement was acknowledged before the war, remains a mirror in which can be seen the profound effects of the contradictions in the capitalist democracies which, in

* Endorsed by Lord Halifax, Minister of Foreign Affairs at that time.

Italy and Germany, catapulted Mussolini and Hitler into power.

Fascism was the fruit of the efforts of monopoly capital to prevent necessary social and political changes between World War I and World War II. World War I and the Russian Revolution marked both the crisis of imperialism and the growing maturity of the forces driving for progressive social change. The successful establishment of a new economic system in the Soviet Union, an economic system free from capitalist exploitation, free from the fear of unemployment, with the guarantee of security in sickness and old age, captured the imagination of millions of the exploited and oppressed throughout the capitalist world. In contrast to that, the capitalist countries were stricken with creeping paralysis, economic stagnation, want, and deepening misery for millions in the midst of potential abundance. Monopolies were restricting production while maintaining exorbitant prices. Vast and ever-growing accumulations of wealth were concentrated under the control of a small number of men and institutions responsive only to the impersonal pressure of investment capital. Masses of unused capital lay idle, while millions of men were unemployed and a dozen countries were figuratively starving for capital goods. Polarization of wealth and poverty had developed to such a degree that the middle classes became increasingly insecure. Mounting public and private indebtedness coincided with demands from one side for governmental action to provide jobs and social security for the masses, from the other side for reduction of governmental expenditures.

Out of those conditions there developed simultaneously two mutually hostile political trends. Among the masses of the people the potentialities for abundance strengthened the demand for social progress, while capitalist opposition to such progress led Big Business to encourage everything reactionary and to foster every tendency towards fascist organization. Tory spokesmen and journalists "discovered"

good features in the fascist and Nazi regimes which they thought Canada should imitate.* Heterogeneous elements in all the capitalist countries launched fascist organizations. In Canada they launched "The Nationalist Party," the "Blackshirts," the "Canadian League of Fascists," the "National Unity Party," and others. Reactionary capitalist interests financed them generously. Their immediate aim was to attract to themselves groups of confused and bewildered people, along with declassed elements inspired by anticipation of mob violence with immunity from the law. Their "political philosophy" consisted of appeals to rabid national and racial prejudices, undisguised admiration of Hitler and Mussolini, and the baiting of Communists and Jews.

The facts show conclusively that the conditions of which fascism was a product were not limited to the countries where the fascists were temporarily triumphant. It requires little consideration to show that they were not limited to the pre-war years. They are conditions created by monopoly capitalism and the determination of the monopolists to maintain the hegemony of finance-capital in opposition to rising democratic pressure for progressive social change.

It was precisely when parliamentary democracy changed, or appeared to be changing, from the safe instrument of finance-capitalist control of the State and the national economy into Labor's instrument for bringing about radical economic and social progress, that the men who controlled the great monopolies in Germany resorted to dependence upon the fascist parties.

For several years after its establishment Hitler's Nazi Party received only just enough financial support to enable it to maintain its organizations, with limited press and propaganda and organizational activities, in the face of the popularity and strength of the Communist Party, the Social

* This was exemplified most clearly in the notorious articles and speeches of Col. Drew during that period, particularly his repeatedly expressed hope for a German-British alliance against the Soviet Union.

Democratic Party, the trade unions and the Co-operative movement. Evidence presented during the trial of the chiefs of the Farbenindustrie show that it was after the crisis struck in 1929, and with the deepening of crisis conditions in Germany during 1930-31-32, that the monopolists started to contribute money to Hitler in millions. With the millions provided by the big business tycoons, the Nazi Party was able to organize, uniform and feed its brownshirted gangs. Aided by the powerful influence of Big Business in the local and national administration of police and justice, Hitler and his intimates were able to train their gangs in mob violence against helpless Jews and other minorities. Promising jobs to the unemployed, "Jewish businesses" to the impoverished small shopkeepers and professionals, a "Greater Germany" to the militarists, feeding the most chauvinistic nationalism with fantastic "theories" of "the master race," Hitler and the Nazi Party attracted all that was decadent, socially backward and reactionary in Germany and harnessed it in the service of finance-capital. The political parties which controlled parliament, that is to say the Reichstag, failed to protect the democratic civil rights of the Jewish people and other minorities, of the church congregations and trade unionists, who were victims of fascist mob violence. Democratic rights and guarantees were infringed one by one until the authority of parliament itself was undermined. It was this systematic preliminary preparation which made it possible for Hitler to be "appointed" Chancellor of Germany by *Field Marshal Hindenburg* after he failed twice in succession to get elected and his electoral strength had started to decline.

2. THE POST-WAR PARALLEL

There is an ominous similarity between the trend of finance-capitalist policy today and that which brought Hitler to power in Germany. The policies being pressed by the

leaders of international finance-capital and their political representatives, under the general slogan of "The Truman Doctrine," have a similar motivation, the same direction and essentially similar objectives, as did the policies of the German monopolists. Unless democratic people become aroused and unite their forces in political action to defeat the monopolists, the post-war drive of reaction in Canada and the United States will bring the same result—Fascism.

No responsible representative of finance-capitalist interests would admit for a moment that he, or the interests he represents, are willing to support fascist activities or organizations. They all insist that they, and the interests they represent are the real pillars of democracy. It must be noted that they repeat at frequent intervals their opinion that democracy is inseparable from "the free-enterprise system," the term by which they now prefer to refer to the profit system.

For them the whole question of the future of democracy depends upon whether or not the supremacy of "the free-enterprise system" can be maintained. In their political calculations, that need overrides all others. Representing what they term "the free-enterprise system" as democracy, the monopolists and their political representatives denounce all opposition to it as totalitarianism. By that political sleight of hand, they justify everything and anything that they do to maintain the stranglehold that finance-capital now has upon the lives of the people through its monopolies and cartels. They go far. For example: an outstanding Canadian Liberal periodical appealed, editorially, to "the great majority of the members and supporters of the Co-operative Commonwealth Federation, and a sprinkling of Left-wing voters in both the older parties," in the following words:

... We want to say, with all the solemnity at our command, that the great question before the world is today, and will be for the next 10 or 20 years, the question whether democracy as a political system can survive. It should have a good chance of survival if the existing economic system in vogue in the democracies is permitted and encouraged to function as efficiently as possible. . . .

... We believe that any democratic nation which worries itself much in the next few years about replacing private enterprise with collectivist enterprise will be weakening the whole front of the democratic nations.*

The words of the Liberal editor emphasize exactly what the beneficiaries of finance-capital mean when they use the word democracy. His words emphasize, also, the very close relationship of foreign and domestic policies in the world-wide struggle between the advocates of progress and the advocates of reaction. The finance-capitalist interests in each country have an impelling interest in maintaining the profit system everywhere possible. International finance capital, particularly the enormously expanded monopolies of North America, avid to invest billions of dollars in the industries of other countries, has an enormous stake in the maintenance of "the free-enterprise system" in other parts of the world. In fact, according to the public arguments of the stoutest champions of "the free-enterprise system", the United States has a sacred obligation to prevent the establishment of Socialism anywhere in the world. Truly did Henry A. Wallace tell an audience in Madison Square Gardens that Wall Street is now "all set to run the world."**

In their desire to "rule the world" and re-establish what they term "the free-enterprise system" the political representatives of Wall Street are pursuing policies so irreconcilably opposed to progressive social change, and so violently anti-Soviet, that elements of fascism are their natural fruit.

3. THEY LIKE THE FASCISTS

The defenders of finance-capitalism see "the free-enterprise system" crumbling on every hand. The rise of the

* *Saturday Night*, Toronto, July 12, 1947. There is a striking similarity between the editorial as a whole and a public address broadcast to the nation by Mackenzie King on Sept. 8.

** *Toronto Daily Star*, Sept. 12, 1947.

New Democracies in Europe and the sweep of the independence movements in the colonies are not by any means the only signs of its decadence. It is crisis-stricken in the British Isles, it is shaken in every country. The editorial from which we quoted above admitted that in North America as well as in the British Isles and France there are:

A considerable number of honest and well-meaning people who have no great enthusiasm for the system of private enterprise which they hold responsible (not quite fairly, we believe) for the late Great Depression and for the low level of the standard of living among the wage-earning classes.*

To prevent fundamental social change, in conditions which make such change imperative for the majority of people in a large part of the world, the guardians of "the free-enterprise system" need allies—or hirelings. In the quest for allies and hirelings international finance-capital, headed by the United States imperialists, is seeking to marshall under its banner all that is purchasable, all that is rotten, all that is declining, as well as all that is avaricious for a new period of large-scale imperialist exploitation.

As Henry A. Wallace has pointed out: "In some places they are the feudal lords. In others they are the men of industry, some of whom were actual collaborators with fascist governments."**

That is why Fascism was not eliminated in the United States and British occupied zones of Germany. State and quasi-state organizations, such as that for the direction of agriculture, employers' associations, sections of the economic administration including the coal and steel divisions, etc., were preserved and, in many cases, were left in charge of men who were trusted servants of the Hitler regime. After the U.S.-British decision to re-establish the Ruhr as the industrial center of Western Europe there was a marked

* *Saturday Night*, Toronto, July 12, 1947. Typically the editor has discovered that it is "not quite fair" to blame the profit system for the evils that it produces.

** Madison Square Gardens, Sept. 11, 1947.

increase of the influence of organizations and individuals representing hangovers of the Nazi regime.

Mr. Harold Stassen, seeking nomination as a presidential candidate, proposed as part of his presidential program that U.S. loans should be granted only to those governments which would undertake not to nationalize any industries. Because of Stassen's emphasis upon that feature of his program, many people in Canada and the United States assumed that the Truman Administration had not been making any such conditions until then. In that they were mistaken, however. The British Labor Government's abandonment of its plan to nationalize industry in the British occupied zone of Germany and postponement of nationalization of Britain's steel industry, were but the most obvious results of the pressure exerted by the Truman Administration. The announcement by the British government that its nationalization program is completed was its reply to the U.S. propaganda against Marshall-Plan aid to governments which nationalize industries.

Following President Truman's speech of March 12, 1947, the governments of France and Italy were reorganized to exclude the Communist Parties of those countries as a result of United States pressure. It is significant that neo-fascist movements emerged in each of those countries during the same period, encouraged by United States policy and, it was asserted in France and Italy, supported by United States dollars. General DeGaulle's re-emergence at the head of a fascist movement in France was a direct result of United States encouragement and support. In the United Kingdom, during the same period, there was "a resurgence of British Fascism, almost as open and violent as in 1938."* One of its prominent adherents, Admiral Sir Barry Domville declared publicly that Jews and Masons "forced the war on Hitler."

* *Toronto Daily Star*, Sept. 12, 1947.

In the introduction to the report of a Congressional Committee published by the U.S. Library of Congress,* Representative Wright Patman, commenting upon the fact that most Americans believe that the threat of fascism vanished with the defeat of Germany and Japan, warned democratic Americans that "there are many strong symptoms of fascism in our own democratic society which masquerade under other names."

The complete reversal of policy and attitude towards democracy which accompanied development of the Truman Doctrine is illustrated by the following contrast: During 1947 there was organized from Washington, D.C., a campaign of violent propaganda and persecution against the Communist Party of the United States. The questionable tactics of the so-called Committee on Un-American Activities provided the propaganda support for an unscrupulous scheme to get the Party banned by law. During the same period, charges were dropped against a number of prominent fascists and Nazi sympathizers who had been arrested during the war on the charge of having engaged in seditious activities detrimental to the U.S. war effort and calculated to aid the enemy. Charges were dropped without the accused having been tried. Practically all those individuals engaged again in public activities of a definitely fascist character but no action whatever has been directed against them.

In Canada similar signs of a revival of fascist tendencies emerged. The Dominion Government didn't set up a committee or publish a study of fascism, but as the aims of the monopolists and the public policies of the Dominion Government changed, all the ingredients of which fascism is compounded (whenever it does become an organized public force) emerged in Canada.

Mr. J. S. Duncan, president of Massey-Harris Co. Ltd., returned from Europe early in 1947 with an appeal to

* *Fascism in Action*

Canadian capitalists to oppose any actions which might lead to the replacement of Franco by a democratic government in Spain. Explaining that he had discussed this prospect with representatives of business interests in Madrid, Mr. Duncan declared: "They say that if efforts to unseat Franco are successful, it would mean his regime would be replaced by one of communistic ilk and they are fearful of such a change."

What sort of action did Mr. Duncan propose in place of action to unseat Franco? He proposed action to strengthen his grip upon tortured Spain. "Obviously," he said, "if the present regime could get greater co-operation in the form of loans to be used to purchase foodstuffs, the internal and economic situation would be eased."*

During the year 1946 there was a marked increase in public demonstrations of anti-Semitism and anti-foreignism—two of the characteristic ingredients of fascism. There was developed a violent and systematic campaign of misrepresentation and vilification against the New Democracies, particularly against Yugoslavia and the Soviet Union. Big Business, aided by the Dominion Government and some provincial governments, developed a violent campaign against communism in general and against the Labor-Progressive Party in particular. In 1947 and again in 1948 a Bill to suppress the LPP came before the House of Commons and passed its first reading. When it came up for the second reading in 1947 the Minister of Justice suggested delay to give the Government more time to study the question. Later it was referred to a Committee on Fundamental Human Rights and Privileges and no further action was taken. In the 1948 session the Government did not intervene at all. The Bill was defeated by being "talked out" by members who opposed the fascist principle upon which it was based. The Government did not condemn or oppose the proposal nor even declare itself opposed in principle to such a measure. To exclude the LPP from the right to use

* *Globe and Mail*, Toronto, Jan. 4, 1947

national broadcasting facilities after it had conformed to all the conditions required to that date, regulations of the CBC governing political broadcasts were changed.

A Toronto professor delivered a speech against Marxism and it was promptly published in full by the most widely circulated financial paper in Canada. The Canadian Chamber of Commerce called for a national campaign against Communism and the monopolistic corporations distributed hundreds of thousands of copies of a pamphlet presenting a cunningly distorted picture of Communism and the Labor-Progressive Party.

It gradually became evident, however, that Communism was not the only target against which the offensive of Big Business was directed. The underlying purpose of the whole campaign was revealed with the unfolding of a violent Big Business offensive against Labor in general, against wage increases and against the trade union movement.

4. "ANTI-COMMUNIST" MEANS ANTI-LABOR

In Canada, as elsewhere, every attack that is calculated to weaken or undermine democracy is launched—like President Truman's Doctrine—under cover of the pretence that it is directed "against communism." The technique is not new. One of the several new weapons that Hitler and Mussolini contributed to the propaganda arsenal of reaction was the idea of disguising fascist aims as measures to "combat communism." Hitler even abolished trade unionism, the labor press and the co-operatives under that slogan. Today the advocates and sponsors of all sorts of action to weaken Labor and undermine democracy are making Hitler's trick an integral feature of the Truman Doctrine.

The real aim of attacks upon the Left-wing movement and the red-baiting which accompanies them is to weaken and undermine the Labor movement as a whole. The effects

of infringements upon democracy couldn't be limited to the Communists even if the defenders of monopoly-capitalism wanted to do so. Indeed, reactionaries make a mistake in assuming that it is possible to draw a line between the Communist Parties and the broad democratic movement of which they are a part. Sometimes their efforts to do so produce odd results. For example, in an attempt to draw such a line during 1947-48 the *Financial Post* arrived at a position in which its commentary upon developments in the trade union movement and upon the development of labor political action became distinctly pro-CCF. Now the history of the Labor movement shows that, whatever may have been the subjective motivation of the editor, that line in the *Financial Post* could not separate communists from their fellow workers—CCF or otherwise. It might possibly have tended to reduce resistance to the establishment and growth of unions under reformist leadership, but the Communist movement grows within and out of those unions equally as within and out of unions under communist leadership.

Communists can't be separated from the working class and progressive forces. Working people are increasingly realizing that they have common political interests as members of a specific class. They are learning in the school of experience that, having been made "a class by itself" by capitalism, the working class must now organize as "a class for itself" to achieve Socialism. It is as part of that process that communists grow and become the highest political expression of the Labor movement. That is why Communist Parties cannot be separated from the Labor movement.

Excluding the Communist Parties of France and Italy from the governments of those countries was an attack upon the constitutional, and supposedly sacred rights of every one of the 13 million electors in those two countries who voted for Communist candidates or candidates of parties associated with the Communist Parties. In the United States, those who led the attack upon Labor and democratic rights were even louder and more emphatic than usual in

their protestations that their attack was directed solely against communism. Their campaign had been under way only a short time, however, before the Attorney General of the United States was "explaining" that "Communist-front organizations will be given every opportunity to clear themselves . . ." Their campaign developed along the traditional lines. Public opinion having been "softened up" by hysterical attacks upon communism, the Soviet Union and the Communist Party of the U.S.A., the Taft-Hartley Bill was enacted. The framers of the Taft-Hartley Bill asserted solemnly that they were aiming solely at communism, but immediately the Bill went into operation and the National Labor Relations Board started to interpret its provisions it became evident that its effect would be to undermine the entire trade union movement. The NLRB ruling made the sinister intent of the Bill so obvious that the leadership of the American Federation of Labor felt bound to refuse to comply with its requirements. Following official consideration by the Executive Council, President William Green condemned it in the following terms:

The executive council has decided that the Taft-Hartley Bill is reprehensible, vicious and destructive of the workers' civil and legal rights. It therefore could not conform to the Denham* ruling.**

Similarly in Canada, the advocates and sponsors of reactionary action emphasize solemnly that their attacks are directed solely against communism. There is no doubt that they would like very much to destroy the communist movement but their blows always strike at the trade union movement and often at the rights of even wider circles of the people.

The Principal of McGill University, addressing Service Clubs in Calgary on the subject, "Wages, Prices and National Welfare," was reported as declaring: "Strikes for in-

* Robert Denham, General Counsel of the NLRB of the U.S., who interpreted the Law as requiring that *all* union officials must sign anti-communist affidavits before their unions could be recognized by the NLRB.

** *Daily Tribune*, Sept. 13, 1947.

creased wages, like competitive bidding up of prices, endanger Canada's national welfare."* It was published under the headline: "Union Policies National Threat: McGill Principal." The financial editor of *Saturday Night*, claiming that there was danger of a general strike, urged "the formation of a volunteer organization for the maintenance of essential services in the event of such a strike" . . . "through such bodies as the local Board of Trade or Chamber of Commerce . . ." "Each community should form its own organization for service in a general strike, and, incidentally, to constitute a rallying-point for all who place law and order before hysteria and selfishness."**

The management of Canada Steamship Lines refused to permit patrol men of the Canadian Seamen's Union aboard the company's ships, although the company was signatory to a contract which recognized the union as the bargaining agent of its ships' crews. While refusing to allow representatives of their employees' union aboard its ships, the company granted all facilities for going aboard to agents of another group—a company union—which had been set up by a renegade from the Labor movement for the declared purpose of destroying the Canadian Seamen's Union. A conciliator appointed by the Dominion Department of Labor reported that the company's action was a breach of contract. The company refused to accept the conciliator's finding and large numbers of men, several of whom admitted to being hired specifically for strike-breaking, were transported to strategic points for lake shipping with the declared intention of taking ships from CSU crews, "peacefully or violently." Leaders of the stooge union boasted that they disbursed \$30,000 in that anticipatory operation alone.

Throughout that transparent attempt to provoke a strike, in circumstances which seemed to offer a favorable opportunity for organized gangs of strikebreakers to take over the ships under police protection, the company man-

* Canadian Press Dispatch, Feb. 18, 1946.

** *Saturday Night*, Toronto, Sept. 26, 1946.

agement operated under the banner of anti-communism. But the objective was to re-establish the open shop. Finding it convenient to "call a truce" at the peak of the shipping season, the company agreed to abide by the result of a vote of the crews on its vessels to decide which union should be their official bargaining agent. The Canadian Seamen's Union won the election by an overwhelming majority. But when the shipping season opened for 1948, Canada Steamship Lines again barred the CSU officers and members from its vessels—this time with the help of the RCMP.

The anti-labor policy of the Duplessis government in Quebec was also pressed under the disguise of anti-communism but, in Quebec as elsewhere, the evident purpose was to weaken Labor and the democratic movement. Legislation which gives the Minister of Labor the final word in deciding whether or not a union member can hold office—even after he is elected by the membership—undermined the freedom of the trade union movement. Premier Duplessis' protestations that his actions were directed against communism and communists did not alter the fact that at Valleyfield and Lachute, thousands of French-Canadian Catholic textile workers, their union and their wives and children, were his victims. When the members of the Board of Control in the city of Toronto prohibited the *Daily Tribune* from utilizing street sales boxes in the same way as the other Toronto dailies, their action was in fact a threat to the privilege of every newspaper, as well as outrageous discrimination against every citizen who desired to buy a *Tribune* instead of the only other morning paper. The most brazen example of the mask of "anti-communism," as well as the most typical of the increasing use of fascist techniques, was the "explanation" of the Premier of Ontario that he made religious training in the public schools of the province compulsory to combat communism — a cynical response to protests which reflected half a century of struggle for secular education in the public schools.

5. THE POLITICS OF CAPITALIST PROFITS

Big Business, which prevents organization and direction of the national economy in the interests of the people, has succeeded until now in persuading a very large proportion of the population that the prevailing social and economic system is the best that can be conceived. The activities by which that general aim is pursued, from the obscurantism of clerical reaction, through governmental policy down to organized union smashing, strike-breaking, and use of the RCMP as *agents provocateurs* in the Labor movement, all reflect the profit-hunger of big capital and buttress its domination. The decisive factor in preventing fundamental democratic social and economic change in Canada, is the resistance of the masters of finance-capital and its great monopolies and cartels.

They have been successful until now because the majority of our people, including millions of those who favor social reform, are not yet convinced of the need for a fundamental transformation of society. They are victims of the carefully fostered illusion that the social relationships by which the economic life of our nation is dominated, have prevailed from time immemorial. That is not true. The economic relationships, the specifically Canadian features of the body of law, the prevailing role of impersonal aggregations of capital in the economic and political life of our nation, and the prejudices which dominate the attitudes of the majority of our people towards these matters, have developed within the lifetimes of thousands of Canadians who are still living.

Marx gave an example of the manner in which the purpose and main emphasis of the law changes with the rise of different economic interests, in the following words: "Just as at a given stage in its development, commodity production necessarily passes into capitalistic commodity

production (in fact, it is only on the basis of capitalistic production that products take the general and predominant form of commodities) so the laws of property that are based on commodity production necessarily turn into the laws of capitalist appropriation.”*

That quotation describes, precisely, the process that took place in Canada. During the period in which industry grew and the finance-capitalist monopolies arose, there was developed, also, the body of law, entrenched traditions and prejudices, and legal judgments which protect the profit system now. The policies of the two traditional political parties of Canadian capitalism took form during the same period. Then, as now, the over-riding aim of both the Liberals and the Tories was to win recognition as the political party which could serve Canadian capitalism most effectively.

The unanimity with which the members of the budding capitalist class agreed upon the aim of a state structure to correspond with development of a unified capitalist economy, explains the defeat of the widespread popular desire in French Canada for a French-Canadian state united with the rest of Canada in a Confederacy. A. A. Dorion and the radical wing of the Liberals, the “Parti Rouge,” advocated such a Confederation. The French-Canadian people were the only section of the population which could correctly be described at that time as a nation, and they comprised a third of the total population. In addition, their demand was backed up by wide demonstrations of popular support. But the demand was defeated. As Stanley B. Ryerson points out in his study of French Canada:

... The Tories of 1867 were able to neutralize popular opposition very successfully, thanks to the collaboration of Cartier, Morin, Chauveau, Chapleau—the Quebec Conservatives, spokesmen of the alliance of French-Canadian capitalist interests with those of the Galts and Molsons and Allans. And the efforts of the French-

* Karl Marx: *Capital*, Vol. 1, p. 639 (Kerr Edition).

Canadian Conservatives were powerfully seconded by those of the Church hierarchy.

In the election which followed the adoption of the BNA Act, the clergy in Quebec threw its whole weight into the contest, with forceful approval of the terms of the new constitution. Mgr. Laroque, Bishop of St. Hyacinthe, asserted that the electors' liberty of choice did not extend to rejecting a constitutionally and legitimately accomplished fact. The Bishop of Quebec, Mgr. Baillargeon, warned that opposition to the government would mean "taking the path of anarchy, treason and revolt. . ."*

The Liberals failed to give united and effective leadership to the struggle for national self-determination in French Canada before the BNA Act was enacted and they accepted that Act after its enactment, because they, also, were dominated by political leaders who were bent upon establishing a constitutional and legal framework which would facilitate the development of the profit system in Canada.

Alternating as Government and Opposition, Liberals and Tories have systematically shaped the country's laws and institutions to meet the changing needs and interests of Canadian capitalism through its evolution from colonial economy, characterized by small enterprises and free competition, to its present finance-capitalist economy characterized by monopoly.

Each of those parties has consistently protected "free enterprise," which involves the right of invested capital to the profits of exploitation and the "right" of workers and farmers to be exploited.

In view of the fact that the Liberals, under the leadership of Mackenzie King, have controlled the Dominion Government for 22 of the past 27 years, it is important to note the consistency with which they have reflected the changing aims of monopoly-capital. The King Government feels the tremendous pressure of the desire of the reform-minded masses of Canadians for progressive social legislation, and

* S. B. Ryerson: *French Canada*. p. 69.

strives to placate them by verbal assurances and belated measures of reform legislation. But, because of the class origins of "Liberalism" and the dependence of the Liberals upon extremely reactionary interests, it bases itself mainly and decisively upon the basic interests of finance-capitalism. While paying periodic lip service to the ideals of social justice, the Liberal Government's practice is as conservative as that of the Progressive-Conservative Party. Even the *Financial Post* has been constrained to complain editorially: "The Canadian public can well be excused if it finds it difficult to define differences between Liberals and Conservatives."*

While usually avoiding the reckless reactionary extremes to which the Tories are periodically impelled, the King Government has transformed the political meaning of traditional Liberal slogans into the opposite of their original meanings. It was a fundamental principle of early Liberalism that the King should act in matters of state policy only upon the advice of a government elected by the people and responsible to the House of Commons. Nowadays, the acting leader of a Liberal government responds to parliamentary pressure for information with the following blatant attempt to revive the theory of the supremacy of the King:

There is a danger that the House of Commons may be losing sight of its real functions. . . . The time of the House is being taken up in many cases with an apparent attempt to govern rather than to legislate. The Government has the duty to govern, under the Constitution. This distinction is fundamental. . . . The House has not an inalienable right to the disclosure of all actions of the executive.

The authority of the Government is not delegated by the House of Commons; the authority of the Government is received from the Crown.**

The term "free enterprise" has become the mask for policies which help the monopolies to put economic free-

* *Financial Post*, Nov. 2, 1946. "The Nation's Business."

** J. L. Ilsley, *House of Commons Debates*, Vol. 84, No. 47, Nov. 12, 1945, p. 2041.

dom out of reach of workers and farmers and of the smaller manufacturing and commercial interests also. "Property rights," which was a cry of revolt *against* monarchial despotism when emergent capitalism was fighting for a free market, has become justification for the privileges and impersonal power of enormous accumulations of capital. The popular meaning of the word "democracy" is now being perverted to make it serve to sanctify the capitalist profit system.

"Property rights" was the "justification" for payment of \$10 million of public money to the Sir William Mackenzie and Donald Mann interests, for absolutely worthless common stock of the Canadian Northern Railway. It was "justification" for R. B. Bennett's extraordinary abuse of governmental power to help the Royal Bank, the Sun Life, and other insurance companies during 1931. It was the sole "justification" for the shameful crimes against citizens committed under the authority of Section 98 of the Criminal Code. But the Liberals did it also. The promoters of the Beauharnois power development project claimed to have paid out \$800,000 to the Liberal party in return for the "property rights" to part of the priceless natural heritage of the Canadian people. The methods and technique by which Aluminum Co. of Canada Ltd. secured its present huge "property rights" on Lake St. Jean and the Saguenay River, and to assure the extraordinarily profitable advantages which accrued to its shareholders therefrom, are not at present publicly known. What the record makes abundantly clear is that the interests and the pressure of the great finance-capitalist monopolies are always against the interests of the masses of the people at home, and against efforts to establish higher and more equitable economic and social systems in other countries. The fact that the interests of the great accumulations of capital seem to be largely impersonal only makes them the more powerful and enables official Liberalism to deal with them as though they were natural laws.

During the war and the 1945 federal election campaign, the King Government pledged itself to maintain "Full Employment" if Hitler were defeated. Cabinet Ministers assured the electors that the primary post-war aim of the Government would be "to raise the whole level of life for all our people, soldiers and civilians alike"* and "create two million new jobs" to ensure full post-war employment. The Liberal press played up that line to the limit of possibility.

Promptly after the election, when the rhapsodies had served their turn, Liberal publications across the country started a careful but systematic campaign to bring the thinking of the Liberal rank and file back to "normalcy." In articles and editorials the question of employment was restated in terms which absolved the Government from responsibility. "Why Full Employment is a Dangerous Illusion" was a typical headline. From pointing to Henry Wallace as an outstanding representative of the policies of the late President Roosevelt, Liberal organs in Canada turned, with Mackenzie King's change of policy, to the task of making it appear that Henry Wallace is an advocate of utopian theories. In pursuit of that task, the editorial writer of one journal which is consistent in its defence of "Liberalism adjusted to the aims of monopoly capitalism," initiated the inevitable capitalist campaign to reduce the popular esteem in which the memory and political policies of Franklin D. Roosevelt are held. Deploring the fact that "Mr. Wallace can with considerable plausibility represent himself as the true heir of Franklin Roosevelt," the editorial writer used that fact as an excuse for the following pin prick at the record of Roosevelt himself:

President Roosevelt was a man who, during his long term of office, took up a succession of different and highly incompatible positions, and experienced no sense of inconsistency himself and

* Mr. Brooke Claxton, in speech at Montreal.

very little difficulty in charming the public into thinking him consistent.*

That sort of thing merged without perceptible effort into the anti-Labor propaganda which was the main content of the acclaim with which the Liberal press joined the Tory press in defence of the Government's short-sighted and vicious policy towards prices and wages. It merged swiftly into the aggressive anti-communist and anti-Soviet attitude by which leading spokesmen of the Liberal party, federal and provincial, tried to outdo the Tories. Indeed, the provincial leader of the Liberals in Quebec did outdo Maurice Duplessis for a moment, by being the first one to propose that all communists in Quebec should "be dealt with individually" in the same way that the people arrested on suspicion of implication in espionage activities had been dealt with by the Dominion Government. The fact that the Canadian Bar Association had expressed strong disapproval of the "Star Chamber" methods indulged in by the Dominion Government, and had urged action to protect the "rights of the subject" in Canada, did not appear important to Mr. Godbout at all. His eyes were glued upon clerical reaction and its influence upon votes.

The development of ideas and prejudices concerning politics and morals in Canada has corresponded exactly with the description given by Marx and Engels in the two following paragraphs in the *Communist Manifesto*:

Does it require intuition to comprehend that man's ideas, views and conceptions, in one word man's consciousness, changes with every change in the material conditions of his existence, in his social relations, and in his social life?

What else does the history of ideas prove, than that intellectual production changes its character in proportion as material production is changed? The ruling ideas in each age have ever been the ideas of its ruling class.**

* *Saturday Night*, Toronto, Sept. 28, 1946. In editorial "The Mantle of Roosevelt."

** Marx and Engels: *The Communist Manifesto*, Part 2.

6. CRUMBLING CAPITALIST POLITICS

There is a growing revulsion of democratic opinion against finance-capitalism in Canada. The evils of the capitalist monopolies are recognized by millions. The concentration of economic and political power and the extremes of wealth and insecurity that accompany it, have become increasingly evident during the past 20 years. It was glaring during the crisis decade of the 1930's. Then the monopolists maintained their profits at close to "normal" levels even during years such as 1934—when the national income took a nose dive down to less than \$3.5 billion. In addition, more and more democratic Canadians are recognizing that finance-capitalism is the source of, and the driving force behind aggressive imperialist foreign policies and war.

The growing revolt against the two old parties derives from that awakening. It is true that the revolt has expressed itself so far largely around sectional issues and interests, but that fact reflects the sectionalism of Canadian economy and politics—not geographical limits of opposition to the monopoly capitalist interests and their two old parties.

The "Progressive" revolt which followed World War I was a farmers' movement. It was not directed against capitalism as such, and was not formally united with Labor, but it sprang out of, and expressed the overwhelming desire of the farmers to break the stranglehold of what they termed, "the Eastern financial interests." In the Ontario Provincial Legislature the United Farmers formed a coalition with the 11 Labor members and their farmer-labor government set the pace for Canada in several spheres of legislative action until 1923. The UFA Government of Alberta and the majority secured by the farmers in the Manitoba Legislature each reflected an urge to progressive political action which was deep and strong.

The fact that Mackenzie King succeeded in re-absorbing the Progressives in the Dominion House into the Liberal Party did not negate either the farmers' desire to free themselves from the stranglehold of finance-capital, or their revolt against the politics of the Liberal and Tory parties. What it reflected, above everything else, was the fact that the Progressives, as an organized force, had not broken politically and ideologically with capitalist politics. They wanted to defeat the monopolists but they did not want to change the fundamental character of the political and economic system—of which the dominating characteristic is capitalist monopoly. Because they did not recognize the fundamental nature of the change required, they entrusted leadership of their great movement to men who were as strongly opposed to fundamental change as were Arthur Meighen and Mackenzie King themselves.

Developments showed, however, that the grass-roots revolt was more consistent than the politics of the men who secured leadership of the Progressives. The United Farmers of Alberta continued to govern that province until 1935, despite their failure to pursue policies satisfactory to the majority of the people and the fact that they entrusted leadership of the government to a politician who was wedded to capitalist ideas. They won their provincial elections because the majority of the voters were "united" in determination to keep both the old parties out of power in Alberta. The UFA government was defeated in the first provincial election in which the voters were offered an alternative which promised, albeit falsely, that it would really trounce the money trust.

The subsequent evolution of the Social Credit government and its party is too recent to need repetition here. The Social Credit government has not lived up to its glowing election promises of "social dividends" for every adult citizen. Its policies and the principles of government upon which it operates differ in no essential from those of the UFA government that it defeated. Promises of "social

dividends" and defeat of the money trust have been replaced by jingoistic anti-foreignism, anti-semitism, and red-baiting, and by support of Tory aims. Revealing examples of this tendency are to be seen in the public utterances of the national leader of the Social Credit Party. In marked contrast to the sentiments expressed by the majority of rank and file Social Crediters, Mr. Low speaks to audiences of business men and capitalists as the most aggressive advocate of action to preserve the present system.

While the Social Credit movement in the Province of Quebec specializes in anti-British propaganda, Mr. Low, in other provinces, outdoes the Tories with his ultra-imperialistic more-British-than-the-English protestations of devotion to the Empire. Not a hint of the opposition to the chartered banks and the bankers, which the majority of Social Crediters believe to be a basic tenet of their faith, is revealed by their national leader. On the contrary, during the war Mr. Low denounced even the measures introduced under the pressure of impelling war needs as "State Socialism." Like a veritable Don Quixote of capitalist traditionalism he deplored the fact that, in his opinion "a vast system of controls, compulsions, prohibitions, restrictions and impositions, under centralized control, has become entrenched." According to press reports Mr. Low specialized in "warning" his audiences that Mackenzie King was planning to impose State Socialism upon Canada as the basis of his post-war policy.

Note well, however, that the Sacred government has been re-elected in every provincial election since 1935—because the majority of the electors are agreed that neither of the two old parties shall be allowed to get into power in Alberta.

Popular revolt against the monopolists and the two old parties has not been confined to Western Canada, a fact emphasized by the UFO-Labor Government in Ontario in 1919 and the near-victory of the CCF in that province in 1943. The revolt has been simmering for a long time in the Province of Quebec. Paul Gouin's announcement, during

1935, that he would found a political movement to fight for democratic progress was greeted with popular acclaim. Thousands who believed that Gouin really meant to campaign for social reform, and against the detested "Trustards," were bitterly disillusioned when it became evident that "l'Action Libérale Nationale" had been but a political by-path to divert Liberal dissidents into Duplessis' "Union Nationale." Even the Quebec Bloc Populaire, formed as an anti-conscription party during the war, reflected in some degree the anti-monopolist sentiment of masses of people in French Canada.

The one path, by which a powerful progressive political movement can be developed in Quebec, is the path which unites the profoundly democratic desire of the people of French Canada for national self-determination with the rising strength and the social aims of the Labor movement. The dissolution of the Bloc Populaire was the logical and inevitable outcome of the refusal of its leaders to identify themselves unequivocally with the social aims and the economic struggles of the Labor movement and its democratic allies in French Canada.

Among democratic Canadians there is a growing realization of the need for progressive policies which will lead to genuine co-operation and understanding between French Canada and English Canada. Mr. King's claim that his party is the party of national unity, because a large proportion of the electors in French Canada vote for Liberal party candidates in federal politics, is a pretence. That they vote for candidates of the Liberal party in federal politics, albeit in a declining majority, is not a sign of French-English unity. It reflects the powerful tradition established by Laurier, who won them away from the Tories fifty years ago—and their fully justified dislike of the Tories.

Policies which will unite French and English Canada without infringing upon the national rights of the Canadians of French ancestry, or their desire for autonomy, must be policies aimed to abolish the economic inequality still

imposed upon the majority of the people of French Canada. Admittedly this would involve action by the Federal Government on matters, such as Labor legislation and Social Security legislation, which have been solely within the jurisdiction of provincial governments until now. To mobilize effective public support for such measures in Quebec, requires that the people of French Canada be given complete and unequivocal assurance that the measures will not undermine either their basic national interests or constitutional guarantees. That means more specific and unequivocal acknowledgment of their rights as a nation!

Revolt against the excesses of finance-capital and the subservience of the two old parties to its interests, stimulated and politically enriched by the energetic campaign of the Communist Party against the effects of the capitalist crisis, provided the soil out of which the CCF arose in 1932-33. The CCF was, and is distinctive from the parties and movements which otherwise express the revolt of the prairie farmers against the monopolists. The political trends represented by the other dissident movements could have been reunited within the Liberal Party—certainly under its banner as were the federal Progressives—had that party's leadership been willing to head the people's revolt against the depredations of finance-capital. The founding of the CCF marked a new and historically higher stage of the "breakaway" from the two old parties. It united the "Left" of the non-communist representatives of the farm revolt with the local independent Labor Parties of the urban centres and with the political current among intellectuals and professional people, typified at that time by the League of Social Reconstruction. It proclaimed the need for "a new social order." The CCF is the Canadian representative of the political philosophy, aims and methodology of the political trend known in Europe as "Social-Democracy."

7. SOCIAL DEMOCRACY EVADES THE ISSUE

The establishment of the CCF constituted an important stage in the evolution of Canadian politics. Its electoral gains indicate a prospect, for the first time, that the monopoly of national government, hitherto enjoyed by the two parties which directly represent the interests of monopoly capital, will soon be broken. Breaking the monopoly of the two old parties will be a historic development for Canadian democracy.

It is necessary to emphasize the fact that the policies proposed by the CCF, or any governmental policies corresponding with its political philosophy and aims, will not solve the economic and political problems which beset our people. The CCF does not "break" with capitalism. Its policies will not provide the necessary conditions for a fundamental reorganization of the national economy. They will not keep Canada from involvement in United States efforts to provoke a third world war. They will not maintain our national independence.

The political philosophy and aims of the CCF are, as noted above, typical of international Social-Democracy. The Social-Democratic Party of Germany was the highest expression of Social-Democracy until 1932. Under Social-Democratic governments and policies similar to those proposed now for Canada by the CCF, Germany, following the betrayal of the People's revolution in 1919 by the leaders of Social-Democracy, was led step by step, through mass unemployment, sacrifice of the people's interests under the pressure of German and foreign finance-capital and chronic national crisis—to Hitlerism and war. During the twenty years between the two world wars, Social-Democratic governments were elected in other countries of Europe also. Every one of them failed to solve the economic and political problems that they were elected to solve, precisely because

they refused to deal with the source of the problems. They sought to evade the fundamental issues by asserting an intention to follow "the middle way." The most distinctive feature of their middle way was their violent rejection of working class unity, particularly unity with the Communists. But, because the great decisive issues of every historical period are created and brought to a head by objective factors, which cannot be dealt with by evasion, their "middle way" proved to be the way to disaster for the people.

In the course of the People's war, Social-Democrats, Communists, and other democrats fought shoulder to shoulder in united "Resistance" movements. On the eve of United Nations' victory there appeared to be a good prospect that the unity welded in war would be maintained in the peace. Had that been achieved, post-war working-class unity would have been guaranteed by Communist-Socialist unity—and a democratic solution would have been achieved throughout Europe. In some countries unity was maintained, but in others the leaders of the Social-Democratic Parties revived the split. Those parties promptly reverted to the policies which characterized Social-Democracy before the war. Unable to secure working-class support for their now discredited pre-war slogan of "The Middle Way," they now seek to justify their action by declaring themselves a "third force." In Europe today, that implies a political force which can achieve a solution other than either the social ideals and aims represented by the USSR and the New Democracies, or the imperialistic ideals and aims now represented aggressively by the United States.

In reality there is no genuine "third force" in the post-war political struggle, any more than there was a "middle way" before the war. The so-called "third force" policies like the pre-war "middle way" are but acceptance of the path of least resistance, which is the path opened up by imperialism itself. The results of this search for a "middle way" in Britain were exemplified by the apologetic attitude of a man who has been described as "one of the most

promising" of all the younger Labor M.P.'s in Britain, when he was interviewed by a representative of the United States press. Asked what he thought of the reaction to the Labor Government, this Labor M.P. replied:

I think the name Labor Party is unfortunate in this country. People tend to think of it as a wave of strikes. It did historically develop from the trade unions, but they're a minority in the present Government. It's a very representative Government, really.*

Shades of Keir Hardie and the fighting champions of the working class who built the British Labor Party! The British Labor movement worked for 40 years to organize its forces for political action. The workers had to beat back the unscrupulous efforts of the ruling class to prevent the development of their party by intimidation, corruption and cynical use of the courts. The workers won, and the British Labor Party became the electoral instrument of the entire trade union movement. At last it won a substantial majority in the House of Commons. And a member of its government, a young parliamentarian who shared in its triumph without ever having had to participate in the struggles to build it, thinks the name, Labor Party, is "unfortunate."

The attitude is not accidental; it flows inevitably out of acceptance of the fundamental character of the present society and the desire to avoid a complete break with it. It is the attitude which justified the tory London *Times* in assuring the propertied interests in Britain that they were fortunate in having the Labor Government in this difficult period, particularly because of the problem of the post-war resettlement in Germany. The Labor Government, said the *Times*, will be able, more efficiently than a Conservative government, to head off the dangers of complete socialist reorganization of the economy of the British and U.S. zones in Germany.**

* Francis Noel-Baker, British Secretary of State for Air, to *P.M.*, New York, Jan. 20, 1946.

** Quoted by Walter Lippman, *New York Herald Tribune*, Oct. 26, 1946.

To the Attlee government's acceptance of United States leadership in foreign policy, there was added the Cripps plan of pressure upon the workers to accept lower living standards, so as to increase the rate of surplus value produced in British industry and thereby maintain the enormous volume of unearned increment paid to invested capital in that hard-pressed country. The tory *Globe and Mail* of Toronto commented sardonically in its issue of Feb. 12, 1948: "Prime Minister Attlee's call for freezing of wages at their present level is naturally not popular among the trade unionists, who are the main body of Socialist voters."

In France the right-wing Socialist leaders' search for a "middle way" opened the way for the fascist movement headed by De Gaulle. In the process, the popular vote of the Socialist Party, the "third force," fell from 4.5 millions to 2.75 millions.

The pretence of "the third force," just as the pre-war pretence of "the middle way," is in fact simply an attempt to excuse maintenance of the privileges of invested capital. It is the tactical pretence utilized by the Social-Democrats to mask their other pretence, namely, that the evils of capitalism can be abolished without abolishing private profit from social production, and private ownership of the means of social production.

Lenin emphasized, over and over again, the necessity for systematic exposure of the economic roots of social-democratic opportunism. Indeed, he considered systematic explanation of its economic roots to be an indispensable condition for success in enabling millions of workers to free themselves from the illusions and prejudices upon which social-democratic opportunism thrives. Describing social-democratic opportunism as "the inevitable fruit of the ideology of the petty bourgeoisie," he proclaimed it to be the bounden duty of the Party of the proletariat to combat it.

Lenin pointed out that finance-capitalism, reaping enormous super-profits as it does, is able to bribe important

sections of the population, thus providing an economic basis for the political movement based upon the idea of securing reforms, concessions, from the capitalist class as opposed to the idea of abolishing the profit system.

The CCF brings into Canadian politics precisely the same confusion of issues which characterizes the policies of those Social-Democratic parties which are pretending to the role of "a third force" in Europe. The CCF has never agreed to the need for a complete break with the ideological and property basis of the profit system. The principle of abolishing capitalism was rejected by the conference at which the party was established. The rejection has been upheld repeatedly by conventions and has been reiterated by its National Leader, Mr. Coldwell. While the leadership of the CCF did, very commendably, criticize and oppose the Abbott Plan, it has generally supported the reactionary foreign policy of the King Government.

The CCF supported the Marshall Plan and the idea of Canadian participation in the Marshall Plan. Its representatives in the House of Commons did not protest against the King Government's cancellation of the credit to Czechoslovakia and they publicly disavowed the efforts to prevent shipment of arms, munitions and bombers to Chiang Kai-shek. The CCF leadership is aggressively anti-Soviet and hostile to the People's Governments in the New Democracies and it prevents working-class "unity at the polls" in Canada. A substantial number of supporters of the CCF regret these facts. What most of them fail to understand is that those attitudes and actions flow quite logically from the fundamental attitude of the CCF to the profit system. That attitude has been stated in a number of documents, the most authoritative of which is the book written by the National Leader of the party. In that book Mr. Coldwell declares bluntly that the CCF "does not believe in socialization for the mere sake of socializing, . . . We have said that if a private business serves the needs of the community with efficiency and without exploitation of its employees, social

ownership may not only be unnecessary but, in such circumstances, undesirable.”*

The attitude of the CCF leadership, expressed in the above quotation and in scores of other examples available, is that a corporation which pays union wages and sells products of average quality at prevailing prices “serves” the community “without exploitation of its employees.” According to Mr. Coldwell, the only capitalists who “exploit” their employees are those who pay sub-standard wages. What a denial of the truth! What a travesty of the case against capitalist exploitation! It by-passes, completely, the real exploitation of the workers by the capitalist class.

Capitalists employ workers in order to make profits. They secure profits by appropriating the surplus value produced by the workers in the course of their labor. “Surplus value” is the amount by which the value of the product exceeds the employers’ expenditures upon wages, raw materials, supplies, wear and tear of machinery, and so on. *That* is capitalist exploitation. The capitalist system enables the capitalist employers to use up the very life energy of the working class. Part of the value that the workers produce every year, but do not receive, is reinvested by the capitalists to increase their claims for rent, interest and profits. To satisfy the demands of their ever-growing investments an ever increasing volume of surplus value is wrung out of the working class. The railways, factories, steamships, hotels, and so forth, owned by the capitalist class, all represent accumulated surplus values produced by workers and appropriated by capitalist employers. The purpose of capitalist exploitation is increasing concentration of the right to further exploitation and the passing on of that “right” from generation to generation. That is the social evil that has to be ended. It will be ended only by abolishing the profit system.

The problem confronting the people of the capitalist countries is not one of different personal qualities among

* M. J. Coldwell, M.P., *Left Turn Canada*, p. 194.

capitalists or of the difference between big and lesser capitals. True, the exploitation carried on by the monopolies robs the people of more and robs them more ruthlessly than small business is able to. But "big business" grows out of small business—there is no record anywhere of "big business" growing out of anything else. Small capitals become big capitals and the capitalism of free competition transforms itself into monopoly-capitalism because, as Marx has shown: "It is a fact that capital and its self-expansion appear as the starting and closing point, as the motive and aim of production; that production is merely production for capital, and not *vice versa* . . ."* "With the increasing mass of wealth which functions as capital, accumulation increases the concentration of that wealth in the hands of individual capitalists and thereby widens the basis of production on a large scale . . .".**

The contradiction is not between "bad" capitalist enterprises and "good" ones; it is created by the inherent drive of privately owned capital to self-expansion in social production and its subordination of the interests of the people to its pursuit of profits. Any question as to whether that is the case in Canada is answered conclusively by a study of the process through which "small business" transformed itself into monopolistic "big business" during the past sixty years.

8. THE PROBLEM IS THE PROFIT SYSTEM

Under the profit system the capitalists appropriate a large part of the national production each year as their "return upon investment." Part of the "return" so received is invested to increase their holdings. As Marx pointed out in his profound study of capitalist economy: ". . . the working class creates, by the surplus-value of one year, the capital

* Karl Marx: *Capital*, Vol. 3, p. 293 (Kerr edition).

** Karl Marx: *Capital*, Vol. 1, p. 685 (Kerr edition).

destined to employ additional labor in the following year. And that is what is called creating capital out of capital.”*

The cumulative result of that process is illustrated by the growth of the assets owned by the investment interests in Canada during the past 70 years. If the capital invested in central electric stations, manufactures, steam railways and electric railways is totalled, the following picture of growth is shown:

<i>Year</i>	<i>Total Capital \$</i>
1871	344,999,200
1891	989,388,211
1911	2,998,634,903
1931	10,639,141,543
1943	11,636,917,771

It might be argued that, inasmuch as a large proportion of the capital invested in Canadian economy is owned by non-residents, the tremendous expansion indicated by the above figures was not necessarily financed by surpluses produced in Canada. But, even if all the capital owned by non-residents were excluded, the remaining total would still demonstrate a remarkable process of self-expansion. It would be wrong, however, to assume that all the investments owned by non-residents represent capital that was imported into Canada. A very substantial volume of those investments represent the reinvestment of profits by non-residents, particularly big corporations.

The figures given above illustrate the magnitude of the expansion of capital in Canada. A conclusive example of the process by which invested capital expands itself is to be seen in the following statistics of the manufacturing industries:

* Karl Marx: *Capital*, Vol. 1, p. 638 (Kerr Edition).

*Manufactures**

	1871	1891	1911	1931	1943	Times Mult.
Employees	187,942	272,033	515,203	557,426	1,241,068	6.6
Wages & Salaries	\$40,851,009	\$ 79,234,311	\$ 241,008,416	\$ 624,545,561	\$1,987,292,384	48.
Capital	\$77,964,020	\$353,213,000	\$1,247,583,609	\$4,961,312,408	\$6,317,166,727	81.
Net Value of Products	\$96,709,927	\$117,937,431	\$ 564,466,621	\$1,252,017,248	\$3,816,413,541	39.

"Net value" is the gross or market value of the goods produced, *less* the cost of the materials and fuel and electricity consumed in producing them. Note the growth of the aggregate amount by which that net value of products exceeds the amount paid out as wages and salaries.

For the national economy as a whole the annual increase in accumulation equals, in general, the difference between what was produced and what was consumed. Note well that the wealth (goods) is produced by men and women who are engaged in productive employment, that is, they work. But the end result, the accumulated capital, belongs to a relatively small group, the members of which are not engaged in productive work—not even in the sense that the manufacturers who "came up from five dollars" were engaged 70 years ago. Furthermore, as Marx explained, "every accumulation becomes the means of a new accumulation." Study of the above figures will show that the rate of capitalist accumulation increases faster than does the rate of increase in the number of workers, or the total of wages and salaries. The growth of capitalization corresponds with the increase in gross production. In other words, the permanent result of an increase in productivity on the part of the workers is an increase in the rate of accumulation for the owners. Truly did Frederick Engels write: "The relationship between capital and labor (is) the hinge upon which our entire present day system of society turns."

The higher the productivity of the working class, the faster is the increase in the amount of surplus value that

* *Canada Year Book*, 1946. p. XX.

they must produce to meet the demands for rent, interest and dividends.

Marx showed that this process, by which the socially-produced permanent increase in Canadian wealth has become the private property of a very small group of people, is one of the fundamental laws of capitalist economy:

Once given the general basis of the capitalist system, then, in the course of accumulation, a point is reached at which the development of the productivity of social labor becomes the most powerful lever of accumulation.*

The impersonal impulsion of the profit system to ever faster accumulation of privately owned capital, is inseparably related to the irresistible growth of the proportion of the total capital that is invested in buildings, machinery, etc. (constant capital), and the decline of the proportion that is used for wages, etc. (variable capital). This in turn is a powerful factor in the creation and maintenance, through capitalist crises and concentration, of chronic unemployment and the "industrial reserve army" of capitalism. "Full employment" cannot be maintained permanently under the profit system, because the fundamental laws of motion which "make it tick" can operate only through periodic crises, continually intensified exploitation, concentration of wealth and power at one pole of society, and unemployment, poverty and insecurity at the other. That is the contradiction. Under the profit system, Canadians have built up their national capacity to produce to a level which could guarantee every man, woman and child in the country complete freedom from want. But, to achieve that "Freedom," that is, economic stability, full employment and lasting peace, the people must abolish the profit system.

But, today, time is a vital factor. Those who would abolish the profit system must meet and defeat the policies of the interests which are bent upon maintaining it. That requires, primarily, tremendous united democratic action to prevent

* Karl Marx: *Capital*, Vol. 1, p. 681 (Kerr edition).

war. Headed by the United States imperialists, international finance-capital is building up an enormous economic interest in war in all the capitalist countries. The monopolists see no possibility of heading off a catastrophic capitalist crisis except by continuous and fantastic increases in expenditures upon war preparations, and they see no possibility of stopping the spread of the New Democracy and of Socialism except by war. Thus the drive for a third world war—against Socialism—has become virtually a passion with the spokesmen for finance-capitalism. Our fight to prevent a third world war is simultaneously a fight to save Canada, and a fight to hasten the end of the profit system.

9. WE FIGHT FOR CANADA

The Labor-Progressive Party bases its policies squarely upon the necessity for abolition of the profit system. The LPP holds that to win through to lasting peace, secure well-being and the higher material and cultural standards now technically within our reach, and thus to a higher civilization, we must move forward radically from production for profit to production for use—from Capitalism to Socialism.

Socialism is that social system in which the land, natural resources, railways, mines, industries and banks, all the large-scale means of social production, are owned by the people and operated under public control for the benefit of all. Socialism does not exclude private property; on the contrary, the great majority of people will have a far better opportunity to own private property under socialism than is possible under capitalism. What Socialism does exclude is the exploitation of man by man. It puts a stop to the accumulation of huge wealth and power by some men out of the labor of others. It abolishes the power to transfer from generation to generation the legal right to and the profits from continued exploitation and command

over the conditions of peoples' lives. Because of that, socialism and capitalism are mutually exclusive within any one country.

The Labor-Progressive Party holds that to establish Socialism, the state must become an instrument in the hands of the working class and its democratic allies to serve the people in the organization, direction and defence of the new socialist society, instead of, as now, being an instrument of the capitalist class to maintain capitalist exploitation against the interests of the people.

There are other differences between the Labor-Progressive Party and the CCF besides the disagreement as to whether the need is for complete or partial change of the social system; but for the majority of people that difference is crucial. Stemming from that are all the other differences which are reflected in their differing conceptions of the democratic tasks of our age, and of the role of classes in the struggle to make democracy secure.

The Labor-Progressive Party is guided by the scientific conception of society and the laws of social development formulated by Marx.* Guided by that historical world viewpoint, we recognize the period through which we are living as an epoch of mature social contradictions and revolutionary change. The brilliant extension of Marxism, given to the world Labor movement by the genius of Lenin, shows conclusively that this is the epoch of the transformation of capitalism. The compass by which we can assure that it shall be a socialist transformation, is provided in the guiding concepts of the strategy and tactics of the struggle for socialism worked out by Lenin. "Men make their own history" and history has already determined, by the condi-

* It should be noted that the *Encyclopedia Britannica* says that "... the whole science of dynamic sociology rests upon the postulate of Marx."—14th Edition, Article on "History" by Professor Shotwell, Director of Economics and History for the Carnegie Endowment for International Peace.

tions which have developed, that the social and political changes of our period will be consistently progressive only to the extent that they are brought about under the leadership of the working class. Indeed, mankind came dangerously close to an era of fascist enslavement because the working class failed to take the leadership in Europe following World War I.

The difference between Marxism and Social-Democracy concerning the political role of the working class is the source of the difference between the LPP and the CCF on the issue of Labor unity in Canada. Communists place the necessity for working-class unity and farmer-labor unity in the struggle for Socialism, right at the centre of all their considerations. That necessity was emphasized strongly at the foundation of the Workers' Party of Canada in February, 1922. Along with the related emphasis upon the role of the trade union movement, it characterized the sharp break made there from the sterile sectarian concepts previously popularized by the Socialist Party of Canada.

The LPP advocates the development of electoral co-operation of all progressive organizations. That is the basis of our oft-repeated proposals for electoral co-operation to the leadership of the CCF. To those who imagine or pretend that there is something contradictory in such a proposal, it should be pointed out that while the LPP and the CCF differ fundamentally on the question of whether Socialism constitutes a complete or only a partial social transformation, there are several important immediate issues upon which their proposals are essentially the same.

The LPP and the CCF each brands the capitalist monopolies as the main *immediate* enemies of the people. Denunciation and slander of the CCF by the spokesmen of monopoly capital is outdone in violence only by their denunciation and slander of the LPP. The LPP and the CCF each seeks specific immediate measures to protect the interests of the people against the monopolies. Each of them presses for adoption of democratic Labor codes, includ-

ing a Dominion Labor Code. Each of them advocates adoption of a full program of social security legislation and a Canadian Bill of Rights. Each advocates constitutional reform to place the responsibility for such measures squarely upon the Dominion Government.

Identity of several immediate objectives, and similarity of proposals provide the immediate political "common ground" upon which the LPP and the CCF could, and should co-operate to the advantage of the entire Labor movement. In our numerous proposals to the CCF for united front action we continuously emphasize that fact.

Unity of the progressive forces rallied around the LPP and the CCF, even if it were limited to electoral unity, would deliver a sharp set-back to the reactionaries. Such unity would make more evident the class character of the political struggle in which we are engaged. It would eliminate important obstacles to the study of policy in the light of democratic social aspirations—a much surer guide to working-class action than considerations of narrow party advantage.

Labor unity involves more than LPP-CCF co-operation—important as that is. To win complete victory, Labor needs unity throughout its ranks. It needs unity in politics, in elections and in economic action. Any doubt that may have persisted concerning that need should have been dissipated by the actions of Liberals and Tories since the war. The flagrant manner in which Stelco was allowed to flout the law during the Steel Strike in 1946, Bill 39, by which the Provincial Government tried to hamstring the trade union movement in British Columbia, the vicious manner in which the Duplessis Government uses the provincial police and courts to help the textile monopolists prevent organization of the workers in that industry in Quebec, the Dominion Government's failure, or refusal, to compel the Canada Steamship Lines to obey the law and to carry out its contract with the Canadian Seamen's Union—these are but typical examples of the need for united trade union

political action. Similar other examples could be quoted almost *ad infinitum*.

The monopolists and their political parties are striving to deprive the trade unions of the new status that they earned during the war, and hundreds of thousands of trade unionists are realizing that this threat cannot be met effectively by economic action alone. If only for its own protection the trade union movement must organize to elect its own representatives. Instead of allowing the monopolists to determine the character and purpose of Labor legislation, Labor should enact legislation to establish favorable conditions for Labor organization and the winning of higher wages, shorter hours, vacations with pay, union security and social security for all wage and salary earners.

For years the Labor-Progressive Party has advocated the building of a federated Labor party as the means by which the trade unions can develop united labor political action under their own direction and control. That is the way that it was accomplished in Britain. There are sound reasons for the opinion that a federated Labor party based upon Canadian conditions is the form by which the Canadian Labor movement also could achieve success.

A federated Labor party, based upon the trade union movement, was launched in Canada in 1923. Despite the weakness of the Labor movement at that time—aggravated by lost strikes, wage cuts and the bosses' "open shop" campaign as well as by the One Big Union split—the Canadian Labor Party gained very substantial support until it was destroyed in 1927. It was destroyed by the Executive Council of the AFL and several of the most influential international unions prohibiting their Canadian locals from affiliating to it or participating in any of its activities.

Sponsored by the Toronto Trades and Labor Council, as a further development of the Toronto Labor Political Representation Committee, the Canadian Labor Party was based entirely upon the aim of providing a common ground where all sections of the Labor movement could unite for

Labor political action. It was organized in provincial sections. The provincial sections were united through a Dominion Council made up of equal representation from each provincial section. Its basic organization was the local council to which all affiliated organizations—local unions, local political parties, Trades and Labor Councils etc.—sent delegates. The local councils chose and nominated candidates, appointed campaign managers, and directed election campaigns. Affiliated organizations were obligated by the constitution to give full electoral support to Canadian Labor Party candidates in elections. Between elections affiliated organizations were free to carry on their own independent propaganda and educational activities.

By the time it was smashed by the hostile action of the AFL leadership, Canadian Labor Party councils had been established in dozens of centres. Provincial sections were functioning in Nova Scotia, Quebec, Ontario, Alberta, and B.C.

What justifies the opinion that such a form of political organization has advantages in our present situation?

1) The tradition of the British Labor Party is strong among important sections of Canadian workers and its electoral success is an influence throughout our Labor movement. The structure that was developed for the Canadian Labor Party is the structure of the British Labor Party adapted to Canadian geography and conditions.

2) Political consciousness and the desire for electoral unity is growing among circles of the workers very much wider than the membership of any existing political parties.

3) The form of organization illustrated by the Canadian Labor Party combines in the most effective way the mass membership of the trade unions and the political energy and enthusiasm of labor political parties.

4) The positive factors, which motivated the CIO leadership in establishing Political Action Committees, and the negative factors, which render it extremely difficult to

launch a federated labor party in the United States, are each absent from Canada.

5) It offers the best possibility for uniting CIO and AFL unions in political action without weakening their trade union autonomy.

6) It is the most effective means by which to bring about united labor political action in French Canada.

7) A federated party structure of which the trade unions were the main basis would offer all sections of Labor and progressive opinion a practical alternative to the Liberal and Conservative Parties with extremely good prospects of defeating them both.

The comment is often made, sometimes humorously, sometimes otherwise, that even if the trade union movement did organize itself for parliamentary action in the manner outlined above, there is no guarantee that the Labor-Progressive Party would be an affiliated part of it. The British Labor Party refuses to allow the Communist Party to affiliate; perhaps the leadership of a Canadian federated party would do likewise. The answer to such comment is as follows: It is to be hoped that nothing like that would happen but, even if it did, the establishment of an organization through which the trade unions could be drawn into active participation in political action, selection of candidates, the waging of campaigns, through which elected Labor members would be made directly responsible to the Labor movement, would still be a tremendous step forward.

With the deepening distrust of the two old parties, and the growing desire for a progressive electoral alternative, conditions are becoming increasingly favorable for the development of united labor political action. The monopoly interests in Canada are intensifying their efforts to secure reactionary policies at home, corresponding with the reactionary drive in the United States,* but united labor politic-

* Typified by the indictment of Phillip Murray for having given an official CIO endorsement to a candidate for election to the United States Congress.

al action could defeat them. Such a defeat would be a permanent contribution to Canadian democracy. That was a major consideration when the LPP decided to campaign for "unity at the polls" to defeat the Liberal and Progressive-Conservative parties in the Dominion election.

To defeat both the Liberal and Progressive-Conservative parties at the polls, the great mass of reform-minded Canadians must be united in support of parts or the whole of a genuine "People's National Policy." A "People's National Policy" is the indispensable alternative to the Liberal-Tory national policy of selling Canada short to United States finance-capital. The Labor-Progressive Party advances and fights for a People's National Policy as an integral part of the struggle for Socialism in Canada.

V. The LPP Proposes A People's National Policy

1. THE FUTURE OF CANADA

FAR-REACHING CHANGES are going to be made in Canada's national policies. As the *Montreal Gazette* emphasized editorially on September 13, 1947:

. . . It is already becoming apparent that the Government (eventually subject to popular opinion) will have to make a choice between several basic alternatives, political as well as economic. The present policy of temporizing concealment, waiting for something to be done elsewhere which will obviate the need for action before the full facts are known, can perhaps be continued for a time. But sooner or later, Canada must take steps of its own and decide in which direction this country is to go.

In which direction is Canada to go? What sort of target should we set ourselves? The target desired by monopoly-capital, or the target needed to protect the interests of the people? Labor and its democratic allies must act to ensure that changes in our national policies strengthen democracy, give our people more security, and place Canada in the camp of world progress and lasting peace.

In their drive for a satellite-partnership with U.S. monopolists, Canadian financiers and their political henchmen are changing the content, as well as the tune of their propaganda. They are trying to popularize the United States conception of Canadian patriotism. Spokesmen of both Liberal and Progressive-Conservative Parties who used to be flag-waving "Empire Firsters," or self-styled Canadian na-

tionalists, have become ardent supporters of the idea of Canadian subordination to the United States. Where, until recently, they proclaimed their militant pride in "the British connection" and Canadian solidarity with the Empire, they now emphasize their aim of unity with the United States. This change has been striking in some of the members of the Dominion Government. In a public lecture* shortly after his appointment as Minister for External Affairs, Mr. Louis St. Laurent emphasized it in such a manner that press reports treated it as the main point of his lecture. The actions and the attitude displayed by the Minister of Finance upon occasion during his negotiation and piloting of the Abbott Plan, suggested strongly that he considered United States domination of Canada to be a worthy ideal.

The concerted drive to turn Canada's foreign relationships away from those of dependence upon Britain and towards those of dependence upon the United States, affected Mr. King's belated enactment of the Citizenship Bill. What should have been our proud assertion of sovereign nationhood, bore too clearly the imprint of Mackenzie King's desire to eliminate any formal or legal ties which might hinder Canada's involvement in U.S. foreign policies and its drive to imperialist war.

The above is not to suggest that the Dominion Government should have continued to subordinate Canada's policies and foreign relationships to the aims of British imperial policy. It is to condemn the King Government for ending our subordination to the imperialistic policies and aims of Britain, only as part of a calculated manoeuvre to involve us in the imperialist schemes of the United States. Canadians must prevent our national integration in those schemes if we are to retain genuine independence as a nation. Against the now clearly defined trend towards the subordination of our country to the United States, the Labor movement and all progressive Canadians must define

* At Toronto University, Jan. 10, 1947.

and emphasize a clear-cut and widely supported conception of the destiny of Canada as a progressive, independent sovereign power.

The destiny of Canada will be our destiny as a people — for the great majority of us it will determine our destinies as individuals also. The future to which we aspire as individuals, for ourselves and our children must become the public national aim. Against the aims of finance-capital, which has no national loyalties, progressive Canadians must foster a conscious national determination that the people of Canada shall enjoy higher living standards, cultural opportunities, security and peace.

That aim can be achieved. Ours is a wide and rich and fruitful land. There is space for millions, tens of millions, and resources adequate to provide a good life for all. War-time experience proves that Canadians have the technical skill and directional capacity to utilize all the magnificent national resources for which our land is famed. They are not utilized today, solely because the interests which dominate the economy of our country will not permit their full and proper utilization. Those interests thereby prevent the full development of our country and our national life.

Consider, for example, the question of expanding Canada's population. The spokesmen of monopoly capital, and capitalist politicians, never tire of speaking about "the need for millions of people" to populate our vast spaces, to produce and consume more goods, to reduce the terrific burden per capita of maintaining Canada's far-flung railways and highways and our numerous governments. But the spokesmen for monopoly capitalism, whether they be bankers or politicians, can only talk about that need. They won't do anything to meet it permanently, because the interests that they serve and the policies that they maintain, impel young Canadians to leave their native land faster than immigrants are brought in. They reduce the function of immigration to that of filling with labor which is temporarily cheap, the places left vacant by those who have

gone to the United States in search of higher standards of life and opportunity.

There is only one way in which our population can be built up rapidly and Canada can be developed to industrial and national greatness; that is by raising the standards of life and opportunity for Canadians at home to a level as high as, or higher than those which are to be found anywhere else in the world. That is the path to steady expansion of Canada's industry, to development, conservation and utilization of the vast yet untapped resources of water power and mineral wealth, to filling in the sectional weak spots of the national transportation system, to large-scale irrigation of the prairies with its resulting diversification of western agriculture and increase of population. That is the way to populate the wide fertile areas such as, for example, the Peace River district. That is the way to restore balance in our now badly unbalanced national economy, that is the way to double our population while raising our national standard of life. It can be done. The technical problems involved in doing it are no more serious than the problems created by Mr. Abbott's plan to bring our standard of living down.

2. "NATIONAL PROSPERITY" IS YOUR JOB!

What do people have in mind when they say "times are good"? What is the basis of the conditions that bankers and the daily press refer to as "national prosperity"? What is it that makes the big difference between prosperity and depression?

What individuals have in mind when they say "times are good" differs widely according to who says it. For the farmer it usually means either good crops or high prices—or both. For the merchant it usually means a big volume of sales. For the stock broker it usually means an active market. For the banker it means heavy borrowings from the bank promptly repaid. For the worker it means a steady job.

Consider a coal miner, for example, working in a mine in the Glace Bay area in Nova Scotia. The periods of his life during which he has tasted "prosperity," have been those during which "the mine worked every day." A large proportion of the coal mined in the Glace Bay area is used in the big steel plant of the Dominion Steel and Coal Corporation at Sydney, N.S. — in fact the mines work steadily only when the steel plant is operating near capacity. But steel mills operate at capacity only when railroad construction, replacement or maintenance, new buildings, large-scale construction jobs, automobile production, etc., combine to maintain a high demand for steel. Thus, coal miners and their communities enjoy "good times" only when there is a high level of activity in the other industries of the country. What applies to the coal miners applies with equal force to the workers in every industry and, in varying degrees, to every community in Canada.

The meaning of "good times" to the average worker, expresses the real basis of the conditions that cabinet ministers and bankers term, all too loosely, "national prosperity."

The Dominion Bureau of Statistics and members of the Government usually measure "national prosperity" by the level of the national income. For example, when introducing the budget during 1947, the Minister of Finance assured the members of the House of Commons that national prosperity would continue for a while by suggesting that the national income might reach 13 billion dollars during that fiscal year.

What constitutes the national income?* Is it "real

* There are two accepted methods of computing the national income. The method used by the Dominion Bureau of Statistics until the war was an estimate of the "National Income Produced." It included the value of all goods and services produced in the country during the year plus net returns upon investments outside the country. During the war, the Dominion Bureau of Statistics changed its method of computation to that of "National Income Payments to Individuals in Canada." This system consisted of tabulation of:

a) Salaries and wages (including pay and allowances and pensions to

money," dollars; is it just a figure of speech, or what? It is clear that the dollar symbol alone does not establish the level of the national income. If it did, the advocates of "phoney" money would be right, and prosperity would be achieved by simply printing more dollar bills. The real worth of our annual income, national as well as personal, is to be measured only by what we can buy with it. The figure of so many billions of dollars, used to describe our national income for any particular year, is but our measure of the real values produced.

Charles A. Dunning was right when, in the course of his speech introducing the budget for the fiscal year 1937-38, he warned the members of the House of Commons: "Fundamentally our need is an increase in our aggregate national income—an increase in material wealth, not a different yardstick by which to measure it. Real purchasing power consists in goods and services produced, not in the number of monetary tokens which are used to facilitate the exchange of these goods and services."*

The real national income consists of the goods and services produced; bushels of grain, head of cattle, hogs, tobacco, newsprint, lumber, coal, iron, steel, nickel, copper, aluminum, textiles, power plants and power, locomotives, automobiles, stoves, cooking pots, dishpans, suits, overcoats, shoes, houses, furniture, and so forth—all of the multitude of useful things that are produced by the application of labor-power to nature, machinery, and raw materials. Without

* *Hansard*: Feb. 25, 1937, p. 1215.

members of the armed forces).

- b) Allowances other than wages (board and lodging, etc., to workers in agricultural, forestry, fishing, or other occupations).
- c) Withdrawals by working proprietors.
- d) Dividends and Interest.
- e) Other income from investment.

The aggregate of all such payments represents the total of all money incomes.

such goods, our dollar bills would be worthless.* As a nation we earn our national income by producing goods — there is no other way. It is clear that maintaining the national income means maintaining the volume of production.

One of the axioms with which working people are bombarded, from the kindergarten to the grave, is that of the virtues of saving. "A dollar saved is a dollar earned" was the dominant theme of my first night school "economics" course. It is impressed upon us, not merely as a primer in capitalist "economics" and business practice, but as though it were a universal and immutable law. But as a rule for the national economy, it is absolutely wrong. Indeed, from the point of view of our *national income*, a very good case could be made for the opposite aphorism: "A dollar *spent* is a dollar earned."

Generally speaking, goods are produced to be consumed. In our present capitalist economy, in which production is carried on for profit, goods are produced to be sold. When sales decline, production is reduced; when sales decline drastically, a part of productive capacity is rendered idle. Just as the national income, expressed in dollars, mirrors the volume of goods produced plus net income from external sources, so the volume of goods produced tends inexorably to fluctuate around the level of the "effective demand," that is, the demand from buyers who are able to pay. Thus the level of production — national income produced — fluctuates around the level of overall expenditure.

The necessity for overall expenditure to equal the nation's capacity to produce is described by economists as the need for "total expenditure," that is, expenditure of the entire national income or its equivalent.** The much pub-

* Cash received from abroad as returns upon investments or as payment for services, shipping, etc., is also real income. With it goods produced can be purchased and added to the stock of goods made available by direct production in Canada.

** This does not mean the elimination of savings. All the money used, as private or public investment in constructing productive works, power plants, railways, etc., is savings.

licized White Paper on Employment, adopted by the Churchill government during the war as its plan for full employment after the war, proclaimed as an accepted basic responsibility of government, the need to maintain "total expenditure." The vote-catching White Paper on National Income and Employment, tabled by the King Government shortly before the federal election in 1945, also acknowledged that need.

Thus, if the Dominion Bureau of Statistics estimates that, in the conditions anticipated, the nation will be able to produce fifteen billion dollars worth of goods next year, the aggregate expenditures in the country must equal that amount if full employment is to be maintained.* The measure of over all expenditure is also the measure of the national income. To contribute to social well-being and prosperity, national economic policy must do more than maintain the demand for labor; it must, also, maintain the incomes of the people—whose expenditures provide the market for the goods produced.

3. THE NATIONAL POLICY IS YOUR BUSINESS

The most important factor within Canada's control, for determining the level of our national income and the proportion in which each sector of the country's economy contributes to it, is the national policy. All too many workers accept the hokum that, under "free enterprise," such matters are determined solely by "invisible laws" such as "the law of supply and demand," and so on. The truth is, of course, that within any country the operation and effects of the economic laws can be influenced by national economic policies—under Socialism they can even be controlled.

The relationship between national policies and economic development is evident in our own history. For years before

* To facilitate understanding, we assume that receipts and payments on foreign accounts balance.

and after Confederation, Canadian statesmen believed that the best prospect for prosperity lay in trade reciprocity with the United States. In 1878, Sir John A. MacDonald concluded that the idea of Canadian-U.S. reciprocity was a "will o' the wisp" and the decade-long effort to secure a new reciprocity treaty futile. He proclaimed his "National Policy" as a policy deliberately designed to redirect the direction of economic development and build up manufacturing industries in Canada.

MacDonald's "national policy" fitted Canada to secure full advantage from the upsurge of activity which followed "the Great Depression." The first great cycle of Canada's industrial development took place in conditions created by the combination of tariff protection, railway building, and the opening up of the West. No serious student of our national economy and its growth will deny the very important influence of the "national policy" in determining the course of its development and its character.

As the national economy developed, the centre of gravity of political influence in Canada shifted increasingly towards the industrial and financial interests. That was why the Liberal government under Sir Wilfred Laurier, which came to power in 1896, modified but did not discard MacDonald's "national policy." By the time that Sir Wilfred proposed, in 1911, to replace it by a national economic policy aimed at renewal of Canadian-U.S. reciprocity the manufacturing, railway and banking interests had become strong enough to defeat him.

Following the 1911 Dominion election, national policy was modified again — this time by renewed emphasis upon protection of Canadian industry and Empire markets. An immediate and far-reaching effect of that modification was the establishment by U.S. corporations of branch establishments or subsidiary corporations in Canada. Billions of dollars of United States capital represented by hundreds of establishments, and billions more seeking investment, exerted a powerful influence in the shaping of Canada's national

policies after World War I. To strengthen the grip of the railway and "empire" interests upon Canada, the Tories, headed by Arthur Meighen, proposed to integrate Canada more closely in the British Empire. They aimed at imperial centralization, achieving diplomatic and military, and increasing economic, empire unity through a duly constituted council of the Empire.

Mackenzie King, and those of the Liberal Party who understood his ambiguous statements, favored a "U.S. orientation," the greatest possible encouragement to United States capital—exploiting Canada's membership in the British Empire as a gateway to potentially great Empire markets, but avoiding any empire commitments which might offend or discourage U.S. finance-capitalist interests.

King won the 1921 Dominion election and Canada's national policy promptly reflected his complicated but, in the circumstances, practical aims. That orientation prevailed right along until the election of R. B. Bennett's government in 1930. Mr. Bennett had promised Canadian farmers that he would "blast our way into the markets of the world." He started by calling a special session of Parliament which increased the tariffs which protected some of his favored industries—at the cost of about \$20 million per year to Canadian consumers. Deeply interested in the railways, empire trade and "the imperial connection," Bennett revived the idea of Empire economic unity. The empire trade policies adopted at the Ottawa Conference fell short of his hopes, but they modified in a striking manner the aims of Canada's national policy—until Mr. King entered into a new Canada-United States trade agreement after he regained power in the Dominion election of 1935.

Note that, as in 1878, MacDonald's "national policy" favored the manufacturing interests, so every modification of the national policy has favored some section or sections of Canadian capitalist economy, usually at the expense of others. Every proposal for modification was presented to the people as "in the national interest," and they were each

considered by the majority of the people in that light. Those who voted against them did so in support of proposals for other modifications, with different aims, also advanced "in the national interest."

Modifying national policy to favor a section of the country's economy, sometimes at the expense of the majority of the people, could be considered as the highest expression of "the national interest" only because the deepening contradiction that has developed between the capitalist conception of "the national interest" and the real interests of the millions of men, women and young people who constitute the nation, had not yet become apparent.

During the nineteenth century there was very wide agreement in capitalist countries that the term "National Interests" referred to the profitability of the nation's capitalist economy and policies to expand it.

That was a consequence of the times. The 19th century and the first decade of the 20th was a period of rapid expansion of capitalism on a world scale. It was a century of stupendous technical and material progress also. Industrialization transformed the economic basis of life. New towns sprang up and grew as never before. Railway construction opened up areas which had hitherto been isolated or inaccessible. The production of wealth was increased almost three times, bearing out the prediction made by Marx that capitalist pursuit of profit would generate such tremendous and expanding forces of production that modern society would be able to produce "torrents of commodities." Even the real income of the masses of the people increased. At the end of the century, goods and services such as had not even been dreamed of at its beginning were available to the average person in the advanced capitalist countries. These changes were mirrored in vital statistics. The population of the United States increased fifteen-fold during that century. The population of England and Wales increased three and a half times, the population of the world as a whole, doubled.

In Canada, capitalist expansion started late, but the half century following the construction of the CPR typified the general increase of production which characterized capitalist economy during its formative period. The production of manufacturing industries in Canada during the year 1880 and the year 1931—two years in which the average price level was similar—compare as follows:

	Index of Prices	No. of Establish- ments	Total Capital- ization	Gross Value of Production	Total Wages and Salaries
1880	112.9	49,722	\$ 165,303,000	\$ 309,676,068	\$ 59,429,002
1931	112.6	24,591	\$4,961,312,408	\$2,698,461,862	\$624,545,561

In the conditions prevailing in Canada during the last quarter of the 19th century, there was almost unanimous agreement that the national interest coincided with the extent to which investors in the country's economy prospered. In 1878 it was not incongruous for Sir John A. MacDonald to dignify his promise of adequate tariff protection to Canadian manufacturers by the name "National Policy." It was not incongruous for Sir John to declare in Hamilton, Ontario, during 1878, "Let each manufacturer tell us what he wants and we will give him what he needs."* The idea that protection of profits was in the highest national interest, coincided with the most widely held conception of what the "National Interest" was. When Sir John A. MacDonald's government switched from Mackenzie's cautious program of public construction and turned the grandiose project of a transcontinental railway over to the capitalist syndicate which became the Canadian Pacific Railway Company, it was easy to represent the change as "in the national interest." Canada's manifest path of progress at that time, and the aim of the majority of forward-looking Canadians was economic development, industrial expansion, with railway construction to open up the country and unite it economically from sea even unto sea.

* Porritt: *Sixty Years of Protection*, p. 317.

During the early development of modern capitalist industry in Canada the interests of its owners did coincide to a very substantial extent with the main economic interests of the nation. Those conditions do not exist today, however. The metamorphosis of competitive capitalism into monopoly capitalism replaced direct personal ownership by impersonal aggregations of anonymous capital. The interests and aims of finance-capital are summed up in the one word, "profits." The real interests of the nation are the interests of the great mass of its people: their health, welfare, opportunity for self-development, and their material security. Canadian economy has reached the stage of development at which the interests of the people—the real nation—must displace "profits" as the determining consideration in shaping our national economic policies.

4. NATIONAL DEVELOPMENT CAN BE PLANNED

The masses of Canadians are absolutely correct in their almost instinctive feeling, that what was done through national policy to win the war could be done now to give every Canadian security in the peace, if we had a government willing to do it.

Perhaps the most serious danger confronting Canada's economy today is the danger that the Dominion Government—whichever party is in power—will, in deference to the United States monopoly interests, refuse to develop Canadian economy and Canadian trade in the direction, and by the means now made absolutely necessary if our national sovereignty and our living standards are to be maintained.

Measures to expand our production of finished manufactured goods, to guarantee an adequate supply of essential and protective foods and healthful housing to every Canadian family, are readily available to the Dominion Government. The possibilities of domestic development alone are such that our present national production could be increased

by fifty percent in a few years. There are hundreds of millions of people in various parts of the world who need the surpluses that we produce of certain types of products—including many millions who could repay us with natural products that we do not produce.

What sort of measures should be adopted to maintain our national income in the face of the developing crisis in world trade? All democratic forces in Canada must be united in opposition to the type of measures indicated in the long-term prospect indicated by the Minister of Finance and supported by the monopolists. Against the proposal to subordinate our national economy to the United States, the Labor movement and all democratic Canadians will have to unite to elect a Dominion Government which will introduce national policies based firmly upon the aim of increasing our economic independence. Four basic changes are required in the general orientation and decisive aims of governmental policies; each one of them corresponds with economic realities in Canada and the role that Canada can play in the world. They must correspond with the following needs and possibilities:

a) The Dominion Government should ensure the production in Canada of a very large proportion of the manufactured goods now imported from the United States. Canadians can produce the great majority of things as efficiently and as cheaply as they can be produced in the United States. We did it during the war, and Canadians should now demand an opportunity to do it for our own national preservation in the peace.

b) The Dominion Government should take the lead in organized action to re-route trade within and between the various countries of the British Commonwealth and Empire. The Dominion Government should initiate trade negotiations with the New Democracies and the USSR.

c) The Dominion Government should assume responsibility for general direction and regulation of the level of

economic activity in Canada as it did during the war—and, thereby, maintain the level of our national income.

d) The aim and purpose of national economic policy and activity should be the general well-being and economic security of every Canadian instead of, as now, to maintain the rate of profit for investors.

A national policy to increase the wealth of our country and the welfare of our people would guarantee social security for every Canadian, male and female, young and old, in unemployment, sickness and old age, as an essential element of our national economy.

It would guarantee the maintenance of parity between the prices received by farmers for their agricultural products, and the cost to the farmers of the manufactured goods they have to buy.

Because of the present dependence of Canada's economy upon export markets, a new national policy will have to open up possibilities for export markets at least as large as the markets which, as the *Financial Post* admits, are becoming increasingly uncertain and cannot be counted upon for the future. Without sacrificing any existing export markets, a new national policy must aim to open up large-scale exchange, if necessary through bi-lateral agreements with the countries which want our goods but presently have no dollar credits with which to pay.

To meet the obligations indicated above and maintain stable full employment, the new national policy would have to guarantee measures to maintain an adequate volume of new capital investment each year: whether in homes for the people, hydro-electric power development and rural electrification, irrigation, flood control, reforestation, improvement of the nation's waterways, or in direct expansion of industry. During the war we built dozens of modern air training schools, with living quarters and administration buildings. We built hundreds of miles of spur lines from the railways and thousands of miles of roads. The Dominion

Government initiated and financed those gigantic undertakings while nearly a million men and women were in the armed forces. As a result every Canadian knows now that such things can be done. There is now no need to argue against the traditional pretence, "there is no money," or the argument that governments cannot carry through large-scale construction or development jobs.

Canada needs extensive rural electrification, and the power upon which to base it. Canada needs planned reforestation, and particularly reforestation of the eastern slopes of the Rockies to help large-scale irrigation on the Prairies. Canada needs flood control. Canada as a whole needs a causeway across the Straits of Canso and protection of farmlands from the tides of the Bay of Fundy—as well as development of its enormous potential of power. Canada as a whole needs hundreds of thousands of low rental homes, many new schools and thousands of hospitals. Things to be done are galore. Doing them will increase the efficiency and fruitfulness of our country while maintaining the general level of economic activity.

To secure measures which will ensure co-ordination of the two main divisions of Canadian economy so as to keep people at work—that is to say, to maintain a stable level of production—it will be necessary radically to transform the "rules" under which our national economy operates today and the laws by which it is regulated.

A favorite argument of the "free enterprisers" who oppose every proposal for measures to organize Canadian economy in a more rational way, is that government interference would militate against Canada's export trade. In using that argument they choose ground which must eventually become dangerous to themselves and the system they are trying to preserve. It is true that, with our economy organized as it is today, Canada needs export markets for about two or two and a half billion dollars worth of goods per year.

Canadian agriculture *just must export*.^{*} Pulp and paper, nickel, lumber and a dozen other industries are in the same position, and there is a tendency for people employed in producing for export to accept uncritically the low-wage arguments of the "free enterprisers." The Dominion Minister of Finance never tires of boasting about the success of government policies in keeping Canada's production costs low. That line of reasoning is false, however, from the viewpoint of the interests of those employed in production for export no less than from the viewpoint of Canada as a whole.

Exports are of value to the nation if and when they help to raise the average national standard of life. But exports, however large, cannot be a substitute for a stable high standard of living. India exports an enormous volume of products each year and, partly as a result, her people suffer hunger, disease, illiteracy and an average life expectancy of only about 30 years. The test of our national economy should not be, nay must not be—does Canadian industry operate more cheaply than similar industries elsewhere, but—does it provide the highest and most stable level of well-being possible for all Canadians?

Consider agriculture for example. Under which conditions could the average farmer prosper better—with the prices of his products chained to the fluctuating levels established on the world market, or maintained at parity with the prices of manufactured products? In varying degrees the same principle applies to the people who actually do the work throughout the export industries.

But, protest the "free enterprisers," that would mean government control of export trade. That's true, and the sooner its necessity is recognized, the better for all Canadians. The fact that the Government is already financing

^{*} For Canadians to eat the whole of even a medium sized wheat crop, say 350 million bushels, it would be necessary for every man, woman and child in the country to consume about 4¾ lbs. of wheat every day of the year. In such a situation what on earth would happen to the oat crop?

a great part of it with public money is a very sound argument in favor of such control, but the reason why it is becoming essential is to be found in the changes which are taking place in its character.

The logic of world development confronts Canada with the need to extend her foreign trade into new fields in a radical way. It may be said, indeed, that Canada must extend her foreign trade into new fields or lose the comparatively favorable position she enjoys today.*

Almost every country in the world needs some of the things that Canada exports, and most of them produce some things that Canada needs. For several years to come the need for reconstruction will be paramount in the war-torn countries. The countries of central, eastern and south-eastern Europe, and the USSR, could absorb literally all the exports that Canada could ship to them for several years, and the base of Canada's foreign trade would be broadened, not only by several countries but by her participation in the building of the new economy of Europe which, within a few years, will again become the most important centre of world economy.

Canadians have a vital interest in expanding our exports to peoples of the Old World. Whether they are transforming their countries from colonies to sovereign states, or from semi-feudal fascist landlord states to socialist societies, as in several countries in Europe, they are striving to build the "new world," which Mr. King used to declare was the war aim of the United Nations. Canada should help now to build the new world. To refuse to help nations because they are rebuilding their economies according to a different concept than that represented by the United States, or because they cannot pay immediately for the goods they

* The fundamental reason for this, of which the changing importance of states in world affairs and the movements of capital are but reflections, is "The Law of the Uneven Economic and Political Development of Capitalism" which is explained in Part 2.

need, would be but to foster the development of conditions in which many will feel that the war was fought in vain.

The aims of national policy in the sphere of employment, production and trade, domestic and foreign, are inseparable from the level of Canadian democracy in general.

As a step towards eventual thorough-going modernization of our Constitution, the new national policy must be directed to overcoming the immediate and pressing constitutional impediments to democratic social reform in Canada. It must secure for Canada the right to amend her own Constitution. It must be directed to proper and efficient redistribution of responsibility and competence between the Dominion and Provincial Governments. It must aim to bring Dominion governmental responsibility into line with the needs of present day Canada—a far-flung, geographically sectional but financially and administratively centralized, modern industrial state—without weakening the competence of the provincial governments in all those matters which are essential to the individuality or the local and specifically provincial interests of the people in each province.

The new national policy must be aimed to abolish the economic inequality now suffered by the people of Quebec.

The new national policy must provide that, in the process of revamping Dominion-Provincial relations, specific guarantees shall be given to the people of French Canada that their national rights with respect to their language, their laws and their institutions, shall be maintained inviolate. It must specifically recognize the bi-national character of the Canadian State and the full right of national self-determination of French Canada.

The new national policy must include enactment of a Canadian Bill of Rights to guarantee the fundamental civil rights of the subject. It must include a modern democratic Dominion Labor Code. It must include Dominion electoral reform with the transferable vote or proportional representation. It should grant electoral status to every Canadian

at the age of 18 years—"old enough to serve, old enough to vote!"

The new national policy must be directed to long-term economic co-operation with the other members of the Commonwealth.

The new national policy must place Canada avowedly and firmly in the forefront of the fight to maintain the United Nations, to uphold the basic principle of Great Power unanimity, to outlaw the atomic bomb, to bring about universal disarmament, to develop economic co-operation with the New Democracies and the USSR.

Only such a new national policy, based upon the unfolding future of world democracy, can solve Canada's "dollar crisis" without making our economy completely dependent upon United States finance-capital. Such a new national policy, and not the anti-Canadian hankerings of monopoly-capital, corresponds with the real national interests of Canada today.

The Labor-Progressive Party advocates unity of all progressive Canadians in consistent political struggle to carry through a program such as is outlined above. Such united action could win important reforms and would demonstrate the tremendous possibilities that lie ahead of us, provided only that we make the fundamental changes necessary to prevent economic disaster, political reaction, and a new imperialist war. But we will not, we cannot achieve the age of abundance for all, except by abolishing the profit system. That is the historic task of the working class; it is the objective of the Labor-Progressive Party. The path to its achievement in Canada is indicated clearly by the revolutionary science of Marxism.

VI. The Guide to Working-Class Victory

1. BOURGEOIS OR WORKING-CLASS IDEOLOGY

EVERY CANADIAN WHO takes more than a passing interest in social and political development, and particularly the many who declare themselves socialist, must choose in this period between bourgeois and socialist ideology, that is, between the bourgeois and the Marxist approach to the problems of society. The struggle for a socialist solution of the problems besetting our generation in Canada requires more than periodic electoral unity alone, but even that can be achieved and maintained only if decisive circles of the workers free themselves from the stultifying influence of capitalist ideology. To stop voting for Liberals and Tories and support political parties which propose advanced social reform is good, but to undertake, seriously, the struggle to achieve a higher civilization requires rejection of the alleged "moral basis" of the profit system as well as condemnation of its evils. To transform our national economic and social organization from that of a society based upon exploitation to that of a society which has abolished exploitation, will involve democratic social action guided by concepts of a higher order than those that have been developed to justify capitalist profits and oppression. It requires popular understanding of the transitory nature of the capitalist system, and extending socialist consciousness of the promise of a higher civilization now possible.

This is the first time in history that the great majority of the people are called upon to plan in advance the path of national development. During the great transformation in which capitalism supplanted feudalism, the rising capitalist class played a progressive, indeed, a revolutionary role. The personal contribution made to progress by the average "up and coming" capitalist during that period consisted of his effort to secure personal profit. In the socialist transformation of society, the demand upon individuals is different. To rise to the height of thinking and acting in the interest of the social group, the majority of the nation, requires the development of socialist ideology.

The fight to develop that socialist consciousness is the fight to extend and deepen working-class understanding of the science of social change of which Marx was the founder, and which is inseparably identified with his name. Marxism is the basis of socialist ideology. As Lenin pointed out 46 years ago, "the only choice is either bourgeois or socialist ideology. There is no middle course..."* As Lenin also emphasized, socialist, or to be more correct today, communist consciousness does not develop spontaneously. It is forged only in consistent struggle against capitalist domination. The fight to replace intellectual domination by the agents of monopoly capital with the guidance of socialist ideology is a vital part of the Fight for Socialist Canada.

2. "A HISTORICAL MOVEMENT GOING ON UNDER OUR VERY EYES."**

The Communist movement is organized social activity guided by Marxism. Marxism is the science by which the problems of modern society—including problems of the national economy, of people's well-being, of foreign policy, of the roles of classes and of social change—are approached

* V. I. Lenin: *What Is to Be Done?* Feb., 1902.

** Marx and Engels: *The Communist Manifesto*, Part 2.

and dealt with scientifically, on the basis of a coherent world historical viewpoint. Marxism, a grandiose unified concept of society and its evolution, utilizes the lessons of all past experience in defining the path of continued social and political advance. It is the science of society.

Contrary to the false idea popularized by the hired propagandists of big business, working-class political parties based upon Marxism have operated in Canada continuously since the building of the CPR. They came into being as a result of Canadian conditions which developed along with the growth of capitalist industry. The assertion that Communism is an alien idea imported into this country from the USSR is nonsense—malicious and calculated, but nonsense just the same. Marxism was an organized force in Canada long before the Russian Revolution. There were Canadian circles of the First International, and an active member of the Socialist Party of Canada, who proclaimed his adherence to Marxism in his every campaign speech, was elected to the Provincial Legislature of Alberta in 1909.*

The early Socialist organizations were local and more or less isolated. They developed rapidly and became unified into one Dominion-wide party along with the upsurge of industrial development which accompanied the opening of the West. The Socialist Leagues spread from Ontario to the West. Responding to the same conditions, the Socialist Party of British Columbia spread eastward and, in 1904, became the Socialist Party of Canada. During the first fifteen years of this century the Socialist movement in Canada experienced an inner development very similar to the development that took place in Europe. At the outbreak of World War I, Marxism was an established force in the Canadian Labor movement, and the two trends which were then taking on organized form in the Socialist movement in Europe were well developed in Canada also.

Without minimising the profound influence that the Russian Revolution exerted upon the working class everywhere,

* Charlie O'Brien, elected from the Crow's Nest constituency.

history completely refutes the pretence that Canadian Marxism dates only from 1917. That so many people believe capitalist misrepresentation emphasizes how consistently those who control the educational institutions and the press have conspired to prevent the truth about Marxism from reaching the working class. Until recently they achieved that by a conspiracy of silence. Today, when great creative postwar changes render silence futile, they resort to unscrupulous falsification, both of what Marxism is and the higher democracy towards which it points the way. The professional apologists for the profit system who were recently declaring, "Marxism is as dead as the dodo," are now concentrating their energies almost entirely upon misrepresenting it. The fact that University principals, members of governments and dignitaries of the judiciary and the church, are elbowing the hack journalists and professional after-luncheon speakers out of this lucrative field of employment, mirrors more than the high price that monopoly capital places upon anti-communism. It mirrors, also, the dominant political issue of our time. Knowledge of the elements of Marxism is the only key to an understanding of the political changes now taking place—in their relationship to each other and as links in the great evolutionary chain of development which has now become historically inevitable.

As Lenin emphasized more than thirty years ago: "The teaching of Marx is all-powerful because it is true." Karl Marx and his comrade and co-worker Frederick Engels arrived at their history-making conclusions by painstaking scientific investigation—not by brilliant guesswork. Along with their consistent emphasis upon scientific accuracy, they combined studies of history, philosophy and science, so broad and profound that their works constitute a veritable treasure house of knowledge. Their findings are fully documented. The enormous volume of factual material by which they are substantiated, remains the finest presentation of its kind. Continuing as they did the studies of the great economists, philosophers and humanists of the 18th century, their works

embody and extend the best in the work of the leaders of human thought up to their time.

Marx and Engels lived and worked through the latter stage of the intensive ideological and political struggle through which the economic forms and practices, the political institutions and the philosophical concepts of capitalism superseded the long dominant ideology and institutions of monarchial despotism and feudalism over a great part of Europe. The period during which industrial capitalism became dominant in world economy was a period of revolutionary change. The expansion of capitalist industry brought revolutions under the leadership of the rising merchant and manufacturing interests, and the establishment of parliamentary government in what were then the main countries of Europe. Feudal society had crumbled, elements of capitalism which had developed within it had become strong and widespread. The elements of capitalism had become increasingly incompatible with feudal restrictions. New political forms and property relationships which corresponded with the needs of the new economy had to be established, and were established—usually by violent revolutionary action. In the conditions created by the rise of capitalist industry and wage labor, the modern working class and its labor movement began to take form. Challenged by revolutionary changes in the form and content of the intellectual problems of society, the leading thinkers of the age sought anew for answers to social problems of the day, including the answer to the fundamental questions of the source and authenticity of human knowledge.

Young Marx and young Engels participated in both the political and intellectual struggles of their day. Shortly after winning his university degree, Marx became editor of a newspaper which represented the left-wing of the rising liberal bourgeoisie in the struggle for democratic government in Germany. He was expelled from Germany for his championship of the cause of democratic advance—and from France and Belgium shortly afterwards. He and Engels took

up residence in the British Isles. Practically all their later and most important work was completed in the conditions prevailing in Britain, then the most advanced capitalist country in the world.

In Britain, political issues of the day were vastly different from the issues upon which political activity hinged on the Continent. On the Continent, the character of the struggle for democratic advance was then of the category of "Republic vs. Monarchy," or for limitations upon the despotic power of the Crown. In the British Isles, political development had advanced beyond that stage. Parliamentary government was supreme. The then developing fundamental political conflict was characterized by the needs and aspirations of Chartists and trade unionists on one side, and the interests and aims of capitalist employers on the other. Within the emerging labor movement, Marx perceived the embryonic form of a new social force which was destined to carry social development forward to a higher stage of democracy. In other words, Marx perceived that in the British Isles the popular democratic movement marked quite a new stage of historical development.

The fact of social conflict, that is to say class struggle, had already been recognized for a long time. Marx set himself the task of explaining "*why society struggles*." He sought to discover whether social development could be planned and directed instead of being the net result of fortuitous contradictions that men did not understand. In brief he sought to make society conscious of itself as a developing organism through which, as he put it, "men make their own history." Towards that end he, in intimate co-operation with Frederick Engels, undertook a critical study of the historical social and economic roots of society.

The starting point for Marx in his studies was the world *and the practical social activity of mankind*. He found it a world in motion, in process of unending physical and social change, in which the relationship between "cause" and "effect" is itself a process, with effects becoming causes and

every result subject to subsequent synthesis with other results in still another new result which is qualitatively different. In the welter of innumerable changes taking place in nature, Marx discerned *the law of motion*—the dialectical relationship which runs like a connecting thread through the seeming chaos of events. He discovered this law in operation in nature, in social development, and in the thought processes of mankind. *In fact, the much misrepresented dialectical laws which Marx discovered to be the laws of motion of nature, society and human thought, are simply the most general and universal characteristics of developing change.*

Marx and Engels showed that as consciousness and thinking, in general, reflect the material world, so social consciousness is the result of social existence. Being a result of social existence, social consciousness inevitably reflects the social environment of which it is a product, and it reacts upon society in turn—particularly in periods of acute instability and rapid change. Marx was able to show that the great currents of intellectual and political activity which marked the middle of the 19th century only *seemed* to be separate and sometimes unrelated developments. Tracing them to their source he revealed them as related features of the great all-pervading economic, social and cultural change which characterized the period. It was necessary, as he demonstrated, to distinguish between changes taking place in the economic conditions of production, and thereby of production relationships, which created new contradictions, and “the legal, political, religious, aesthetic, or philosophic, in short, the ideological forms, in which human beings become conscious of this conflict and fight it out to an issue.” By that Marx revealed the inseparable relationship between economic and ideological forces. He revealed, thereby, the reason why the sources of the slogans, under which all crusades have been and are still fought, must be sought ultimately in fundamental economic interests and aims. As he and Engels pointed out in the *Communist Manifesto*:

"When people speak of ideas that revolutionize society they do but express the fact that within the old society the elements of a new one have been created, and that the dissolution of the old ideas keeps even pace with the dissolution of the old conditions of existence."

Until then, historians had examined only the ideological motives of the leaders or leading groups in great historical events. Marx and Engels showed by numerous examples that the contending forces in great historical struggles have always represented rival economic trends or interests in fundamental conflict.

That fact was exemplified perfectly in the bloody and destructive nine years of civil war which ushered in the forty-five years of great change and eventual establishment of parliamentary supremacy in the British Isles. This is not to suggest that the religious slogans, around which that history-making struggle was fought, had no basis; on the contrary, study of their relationship to the fundamental cause and issues of the conflict, which were economic, reveals the real secret of their potent mobilizing power. But, that the main religious slogans of the English civil war could, in different circumstances, have been used by forces fighting for opposite social aims, was illustrated two hundred years later in Canada. Catholic farmers, artisans and shopkeepers of French Canada, led by Joseph Louis Papineau, fought as allies of Protestant farmers, artisans and shopkeepers of Upper Canada, led by William Lyon Mackenzie, in revolutionary action around issues which were fundamentally similar to those which had provoked civil war in England two hundred years before.

Marx traced the roots of social relationships to the conditions determined by the degree of development of material production. He found that changes in social relationships always correspond with changes in the degree of development of material production. He discovered, also, that the evolution of social and political institutions has followed a definite historical pattern. In spite of interruptions,

sometimes of a catastrophic character, a consistent evolutionary pattern underlay the process of development from barbarism to modern civilization. This evolutionary unity derives from the intimate relationship between the mode of production and exchange and the social, cultural and legal forms and institutions of any given society. Marx showed that the institutions and ideas of any given society are a superstructure. The base of the superstructure, the foundation upon which it is reared, is the economic relationship in which men stand to each other in the process of producing and distributing the needs of life. The relationships are social, not individual. For example, in Canada men are related to production as wage-workers, self-employed producers, merchants, industrialists, bankers, investors, landlords, and so on. In Canada, typical activities such as buying or selling, lending or borrowing, owning or renting, hiring or firing, investing, speculating, and so forth, are all carried on within a legal framework that has evolved and is continually being modified to meet the needs of capitalist economy.

The legal protection that capitalist law provides for the individual is, in fact, the legal protection of capitalist property relationships. Its difference from the structure of law that was adapted to monarchical despotism, feudalism, or chattel slavery, is too evident to require comment. But Marx showed further that developing forces of production have their own dynamic. They change inexorably, sometimes very slowly for long periods, at other times rapidly as today. As the need grows for changes in the relations of production, the established legal and political superstructure is utilized increasingly by the beneficiaries of the existing relationships to prevent change. Politics, in its varying forms in different periods and societies, expresses the social struggle through which representative champions of rival interests determine which group, class, or grouping of class interests, shall secure control of and advantage from the productive activities of the community or the nation.

Because Marxism places a great deal of emphasis upon economic development as the fundamental underlying factor in social change, apologists for the profit system try hard to misrepresent it as fatalistic dependence upon economic factors alone. That is completely false. Marxism emphasizes just the contrary, namely, that the world is a complex of processes in which seemingly stable elements and institutions are undergoing continuous change, in which *men make their own history*. Engels rejected and condemned theories of economic determinism nearly sixty years ago in the following passages in a letter which has become famous:

According to the materialist conception of history the determining element in history is *ultimately* the production and reproduction in real life. More than this neither Marx nor I have ever asserted. If, therefore, somebody twists this into the statement that the economic element is the *only* determining one he transforms it into a meaningless, abstract and absurd phrase. The economic situation is the basis, but the various elements of the superstructure—political forms of the class struggle and its consequences, constitutions established by the victorious class after a successful battle, etc.—forms of law—and then even the reflexes of all these actual struggles in the brains of the combatants: political, legal, philosophical theories, religious ideas and their further development into systems of dogma—also exercise their influence upon the course of the historical struggles and in many cases preponderate in determining their *form*. There is an interaction of all these elements, in which, amid all the *endless host* of accidents (i.e. of things and events whose inner connection is so remote or so impossible to prove that we regard it as absent and can neglect it), the economic movement finally asserts itself as necessary. Otherwise the application of the theory to any period of history one chose would be easier than the solution of a simple equation of the first degree.*

Events testify to the truth of Engels' words literally every day. For example, shortly before the Prime Ministers of the nine member states of the British Commonwealth gathered in London on Oct. 11, 1948, the proposed agenda for the Conference was published. It proposed consideration of

* Letter to James Bloch, Sept. 1890. *Correspondence of Marx and Engels*, p. 475.

changes in the structure of the Commonwealth, Defence, International Affairs, Economic Problems, in that order. Commenting adversely that Defence was at the top of the list and Economic Problems at the bottom, an influential member of one of the delegations proclaimed the need to transfer consideration of Economic Problems from the bottom to the top, "so we know what it is that we agree to defend." It is noteworthy that the first report submitted to the Conference was one from Sir Stafford Cripps, on Britain's economic problems.

With all the breadth and richness of their own understanding of the *laws of motion* of society, Marx and Engels never suggested that their works provide ready-made answers to all the questions which arise in the course of political activity. As Engels wrote to a correspondent in the United States: "Our theory is not a dogma but the exposition of a process of evolution, and that process involves successive phases."*

The essence of Marxism is that it reveals the reign of law in the seemingly unrelated sequences of evolutionary and violent processes through which nature and society have developed. It reveals all history since primitive communist society as a complex historical process in which four broad but clearly defined stages of development mark the path of the evolution of society up to Marx's time. "In broad outline we can designate the Asiatic, the classical, the feudal, and the modern bourgeois forms of production as progressive epochs in the formation of society."** Today it is necessary to add another "form of production" to the list, namely, the socialist form of production now operating in the USSR and being established in the New Democracies of central, eastern and south-eastern Europe. The socialist form of production will spread. Even if finance-capitalism and its political hirelings succeed in maintaining the profit system and monopoly exploitation in the imperialist sector

* Letter to Florence Kelley Wischnewetsky, 1886. *Ibid.*, p. 453.

** Karl Marx: Preface to *A Critique of Political Economy*.

of the world for a time—perhaps by reviving fascist dictatorships—socialist economy will outstrip them. The fifth great “progressive epoch in the economic formation of society,” Socialism, is already setting the target for property relations for all democratic peoples.

The determining issues of our age were forecast by Marx in the following words which he used to describe the main features of such periods of social transformation:

At a certain stage of their development, the material productive forces of society come into conflict with the existing production relationships, or, what is but a legal expression for the same thing, with the property relationships within which they have hitherto moved. From forms of development of the productive forces, these relationships turn into their fetters. A period of social revolution then begins. With the change in the economic foundation, the whole gigantic superstructure is more or less rapidly transformed . . .*

Marx revealed the driving force in social development which brought the capitalist class to the leadership of the modern world during the 18th and 19th centuries. He demonstrated that the same historical driving force is now creating the necessity for the working class to take over leadership. Stage by stage, with violent interruptions and setbacks, the determining conception of social well-being and of a good society has been changed and is still changing—to correspond increasingly with the interests and the conscious will of the great mass of the people. The modern working class, at the head of the producing majority of the people, is now the custodian of the true interests of the nation. It is destined to lead the nation in replacing the profit system by a new and higher social order.

In the sphere of economics Marx continued and deepened the studies of the British founders of political economy. But, he did not limit his studies to a search for the answers that the rising capitalist class desired. The task to which he set himself was to discover “the economic laws of motion of modern society.”

* *Ibid.*

The English economists had already formulated the labor theory of value, but the labor theory of value alone did not provide a rational explanation of capitalist profit. The actual element in capitalist economy which explained profits was still a mystery. Some economists held that profits were entirely the result of market operations. By intensive and unremitting study of the productive cycle of capitalist production, Marx discovered the element in that cycle which had escaped all economists until then. That element is *surplus value* which is created in the process of production under capitalist conditions. It was that discovery and that alone which made the labor theory of value the rational basis of political economy in capitalist society.

How the discovery of surplus value illuminated understanding of capitalist economy is illustrated by the following. In capitalist production, whether of logs from the bush, sawn lumber or newsprint from logs, minerals from the earth, steel from iron ore, limestone and coal, or ladies' hose from nylon yarn, the finished products of the industry have a value and a market price qualitatively higher than the combined values of all the raw materials and labor power that were used in their production. The decisive, indeed the one indispensable factor in the transformation of raw materials into finished products is labor—of varying types and skills according to industry. Wage-workers who are employed in production receive wages—and for the purpose of this illustration we may assume that the workers concerned receive the prevailing union rates. The employer reimburses himself out of the value added to the raw materials by the expenditure of the workers' labor power. The amount by which the value of the finished product exceeds the cost of all raw materials, equipment and supplies used up over and above wages paid to the workers is *surplus value*. That remains to the capitalist over and above recovery of all he laid out to finance production.

To anticipate a frequent question let us add that the average employer whether an individual or a corporation

has to meet a number of other expenses out of the surplus value he appropriates — sometimes the payment of excess profits tax. The fact to keep in mind is that the amount of surplus value that remains to him after all necessary expenditures have been made is his decisive concern with the whole productive process.

Marx showed that capitalist production is carried on exclusively for the production and capitalist appropriation of *surplus values*. Apologists for the profit system can no longer deny the truth of that statement so they seek to substitute another one for it, that is, "in pursuit of profit." It is important to note that substitution of the term "in pursuit of profit" masks the fundamental and crucial importance of *surplus value* in capitalist production. Marx demonstrated that all unearned income secured from capitalist production, whether received in the form of rent, of interest, or direct profit, derives and can only derive from *surplus values created in the process of production*. He discovered and explained the mechanics of the process by which, during the era of rising competitive capitalism, the inexorable impulsion to appropriate more and more surplus value was the driving force which simultaneously increases production and cheapens its cost *while expanding the absolute volume of profits*. He pulled no punches in illustrating why it was that, despite the ruthless exploitation by which it was achieved, the expansion of surplus values produced was at that time supremely important to capitalist society as a whole.

Marx corrected another mistake that had persisted in the works of the classical economists from Adam Smith on. Adam Smith and those who followed him, had assumed that all that part of profits which was re-invested, became variable capital—used to finance wages. Marx showed that to be a mistake and the cause of considerable confusion. He demonstrated that of the portion of surplus value, namely, profits, that is transformed into capital, a part becomes constant capital, that is to say capital invested in machinery,

equipment, raw materials, buildings, power plants and so on. Furthermore, he showed that the proportion so invested grows continually at the expense of the proportion that goes to variable capital. He proved that this development was not peculiar to Britain but is an inherent historical tendency in capitalist economy. Then Marx discovered that every advance in technique, including the contributions of chemistry to industry, tends towards an increase in the relative weight of constant capital as a proportion of all the capital used, and that in addition, every increase in the productivity of labor generates a more rapid growth of constant capital as compared with variable capital. Because of those facts, it was clear that with the development of capitalism the rate of profit on all the capital invested would tend to fall—because surplus value is a function of variable capital alone.

Marx had discovered a revolutionary law of capitalist economy, the law which guaranteed both the rapid expansion of capitalism to world domination and its transitoriness. The accumulation of capital, speeding up the replacement of workers by machinery at an ever faster pace, concentrates wealth at one pole and poverty at the other in geometrical progression. It brings into being that phenomenon of capitalism, "the industrial reserve army." The conditions in which the industrial reserve army develops, in conjunction with the enormously enhanced facilities for mobilizing capital and for securing credit which accompany those conditions, furnished Marx with the key to an understanding of the causes and functions of economic crises in capitalist economy. It enabled him to formulate his famous law of "*the historical tendency of capitalist accumulation.*" It enabled him to show how, through operation of the immanent laws of capitalist economy, "one capitalist lays a number of his fellow capitalists low" . . . "we find a growing tendency towards the purposive application of science to the improvement of technique" . . . "the instruments of labor tend to assume forms which are only utiliz-

able by combined effort" . . . "all the peoples of the world are enmeshed in the net of the world market and therefore the capitalist regime tends more and more to assume an international character" . . . These quotations, and even more the prophetic statement from which they are taken, correspond with the path of development of capitalist economy in Canada so exactly, that they could have been written about the evolution described in Part 2 of this book, instead of years before that evolution took place. It illustrates the validity of Marxism and the universality of the economic laws of capitalism that Marx revealed.

Discovery of the crucial elements in the economic laws of motion of capitalist society enabled Marx to show that in terms of historical evolutionary development, the mission of capitalist economy was *to develop the material forces of production*. Of capitalism as a stage of social development he wrote, "Its historical mission is the ruthless development in geometrical progression of the productivity of human labor."* His discovery of the inseparable relationship between fundamental economic laws and the political activities of society, transformed political economy from a subject of academic study into a guide to action in political struggle.

Marxism explains the basis, and the radical effects of the technical and scientific advance which develops in the latter stage of capitalism. "The bourgeoisie cannot exist without constantly revolutionizing the instruments of production, and thereby the relations of production, and with them the whole relations of society."** What is even more important is that Marxism shows how, by understanding the objective forces which govern those developments, we can understand both the inevitability of change and how to ensure that it shall be change to the advantage of the great majority of the people.

* * *

A hundred years ago Marx foresaw the day when capitalist

* Karl Marx: *Capital*, Vol. III, Chapter 15, p. 308 (Kerr edition).

** *The Communist Manifesto*, Part 1.

industry and productive techniques would develop to the stage at which it would be technically possible to produce "torrents of commodities." He predicted that capitalist industry would develop conditions in which it would be possible, technically, for mankind to establish "an age of abundance." It was on the clear possibility of such an age and *the impossibility of achieving it under capitalism* that Marx founded his prediction of the realization of Socialism—and eventually Communism—and the abolition of exploitation of man by man. As Lenin pointed out, Marx and Engels showed that the final result of the development of the productive forces of modern society must be Socialism.

Marx showed, however, that the very development of such technical possibilities would confront the working class with a challenge and a threat. As an inseparable part of the process by which monopoly replaces free competition, the impulsion to capitalist expansion would come into ever-sharper conflict with the limits it imposes upon the purchasing power of the masses. In that stage capitalist society is confronted ever more sharply with the alternatives of maintaining profits for the owners of its monopolized industries, or providing security and abundance for the masses of its people—there cannot be both, permanently, under capitalism. Faced with the sharpening dilemma of "*increasing profits for a diminishing few or abundance for the many*," the capitalist class seeks only to maintain profits and its class privileges by every means within its power.

Marx and Engels were not content merely to explain capitalism. The keynote and aim of all their work was expressed in Marx's famous thesis: "Philosophers have only explained the world in different ways, the task is to change it!" His work on how to change it, includes some of the most penetrating as well as the most dynamic features of all his work of genius. As noted above, the fact of social conflict, that is, the class struggle, had been recognized before Marx; it remained for him to reveal that the class struggle is the driving force in social transformations. His

elaboration of the relationship between the class struggle and capitalist economy provided the firm foundation for his prophetic vision of the winning of governmental power by the working class, and abolition of the exploitation of man by man.

* * *

The Canadian Manufacturers' Association, the Canadian Chamber of Commerce, Liberal and Tory politicians and other defenders of monopoly-capitalism, pretend to believe that the class struggle was created by Karl Marx. They pretend to believe there would be no industrial strife, no strikes, no conflict between Labor and Capital, at least not in Canada, if it were not for the Communists.

Nothing could be further from the truth, and most of them know it. There was industrial strife in Britain long before the *Communist Manifesto* was written. The Grand National Consolidated Union, which attained a membership of half a million during the 1820's, is evidence that millions of people in the British Isles were already aware of the conflict between Labor and Capital. The great strikes which helped force the bourgeoisie to concede The Great Reform Bill in 1832 took place while Marx was a boy attending school.

The same is true of the development of labor struggles in Canada. Our Labor movement grew out of conditions created by capitalist exploitation pressed by profit-hungry capitalists. The mass struggles of the great 9-hour day movement in the 1870's, and the attempt of the courts then to outlaw trade union action, illustrates this fact perfectly. If further evidence is desired, it is but necessary to read the record of bitter struggles fought by Canadian miners, machinists, building trades workers, clothing workers, shoe workers, railway workers and others to establish unions during the first decade or so of this century. Strikes such as the bitterly fought Grand Trunk strike, the Cobalt strike, the Nanaimo and Nova Scotia miners' strikes, and so on, did but illustrate the intensity with which the workers

realized the need for organization to defend their interests against the increasing rapacity of corporate capital and its representatives.

Marx did not create the class struggle in capitalist society and the Communist movement did not create the class struggle in Canada. Indeed, it would be more in accord with facts (although an oversimplification) to say that it was the rising tempo and level of the class struggle in Canada that guaranteed the growing support for Marxism in this country. Recognition of Marxism as the guiding theory of the struggle to replace capitalist exploitation, instability and war with the security and peace of Socialism, has grown with the Labor movement.

What Marx did was to show that class conflict is inherent in the structure of every society that is based upon the exploitation of man by man, that is, of one or more classes by another. He demonstrated further that the class struggle performs *a vital function in the development of society*. It is the political expression of the contradictions between fundamental economic trends and interests, and the efforts of the ruling class to maintain its privileges. It is the means by which political, legal and cultural institutions are changed to correspond with changes in the economic basis of society. As the *Communist Manifesto* points out:

The history of all hitherto existing society is the history of class struggles.

Freeman and slave, patrician and plebeian, lord and serf, guild-master and journeyman, in a word, oppressor and oppressed, stood in constant opposition to one another, carried on an uninterrupted, now hidden, now open fight, a fight that each time ended, either in a revolutionary reconstitution of society at large, or in the common ruin of the contending classes.*

The *Communist Manifesto* points out that the capitalist system "sprouted from the ruins of feudal society" as the result of class struggles. The bourgeoisie, itself the product

* Marx and Engels: *The Communist Manifesto*, Part I, p. 1.

of a long course of development, "has played a most revolutionary role in history."

The revolutions by which the bourgeoisie achieved political supremacy in their respective countries were also important stages in the development of the modern nations. Stalin has pointed out in his works on the evolution of the modern nations of Europe that the capitalist class in every country won its first victories as a class at the head of the majority of the nation. The capitalists headed their nations in civil wars against hereditary privileges, customs and political forms and institutions which—rendered obsolete by economic development—had become obstacles to economic and social progress.

Winning control of the market and freedom for capitalist development, that is to say capitalist democracy at home, did not impel the capitalist class to support struggles for responsible self-government and a capitalist free market in other countries. The British bourgeoisie waged the bloodiest revolutionary civil war ever recorded up to its time, to achieve their own class supremacy, with responsible government and a "free market" at home. But they made their emigrant sons and nephews and grandsons wage a revolutionary war against themselves to win the same conditions in the British colonies in North America. In spite of the fact that it was led on both sides by men who, as individuals, were essentially "class brothers," the American War of Independence was part of the "class war" — an integral and tremendously important feature of the age-long class struggle which has decided the issue whenever such crises have been allowed to develop throughout history. The class line of the British capitalist class was based on "its own" interests then, as now. Having achieved class supremacy for themselves, exercising imperial sway over an empire vaster than any hitherto known, getting fabulously rich from the expanding world trade, on the threshold of their industrial world monopoly, the British capitalists had become obdurate defenders of the *status quo*. Lenin once

pointed out similarly, that "when France was making her great bourgeois revolution and rousing the whole continent of Europe to a historical new life, England was at the head of a counter-revolutionary coalition, although she was capitalistically much more developed than France, and the English working class of that epoch brilliantly anticipated much of subsequent Marxism."*

The change expressed in the attitude and motivation of monopoly-capital in the United States today has striking similarities with the change expressed in the attitude and motivation of the British bourgeoisie 150 years ago.

The development of capitalism, and the role of the bourgeoisie in Canada has coincided in all essentials with the general process of capitalist development and the historical role of the bourgeoisie in all capitalist countries. The character of the political aims of the leaders of the struggle for Canadian national self-determination was illustrated by the words of William Lyon Mackenzie in 1834, when he urged upon the members of the Upper Canada Assembly "the importance of two things: the necessity of getting control of the revenue raised in this country, and a control over the men sent here to govern us, by placing them under the direction of responsible advisers." Exactly the same measures were being advocated by Papineau and his supporters in the Representative Assembly in Lower Canada, where they had been pressing for them since 1816. Mackenzie and Papineau were each labelled foreign agents for advocating such measures. The British aristocracy saw in the United States conception of government a revolutionary threat to the *status quo* and to hereditary privilege. The worst term of opprobrium that the defenders of reaction could think of then, was "Yankee agent." That label was applied to Mackenzie and Papineau.

The imperial government conceded responsible government to the United Provinces in 1848 as a result of the combined pressure of the boisterous development of the

* V. I. Lenin: *Selected Works*, Vol. X, p. 32.

United States, and the growing economic and political strength of the Canadian bourgeoisie. By Confederation in 1867, the Canadian bourgeoisie brought all the vast territory of the northern half of the continent under their own control, secured control of the home market, tariffs, and external trade policies. Within the limits established by their own immediate interests and aims, they achieved self-government and started, albeit in a distorted form, the consolidation of the people of British North America in a single two-nation state.

Up to Confederation and for some time afterwards, the bourgeoisie continued to stand at the head of the great majority of the nation in persistent efforts to abolish colonial restrictions that the imperial government tried stubbornly to maintain. But, as demonstrated earlier in this book, industrial capitalism became transformed by the operation of its own inherent laws of development into finance-capitalism. Capitalist competition produced monopolies. The class interests of the finance capitalist oligarchy are now linked by bonds of cross investment and profit with the interests of international finance-capital headed by the great United States monopolies—not with the economic advance or the national aspirations of the Canadian people.

The capitalist class, which won its first victories as a class in struggles for independence and independent national development, has reached the stage at which, like the British capitalist class, they strive obdurately to prevent progress because they are now the beneficiaries of the *status quo*. They refuse to accept the democratic changes that are looming up ahead because those changes will strengthen the political influence of the producers in the nation.

The Winnipeg general strike in 1919 was a product and an indication of the growing consciousness of the contradiction between class interests in Canada—so was the action of the Government in breaking it at the behest of the banking House of Morgan and Co.

The Dominion Minister of Labor went to Winnipeg to break the strike, but he found that the strike leaders had not contravened any law. The Prime Minister telegraphed him to take whatever action would be effective, and the Government would enact legislation to legalize it afterwards. So the homes of the strike leaders were raided at dead of night, the men were seized in their beds, kidnapped, whisked away out of town and held incommunicado. It was against the law, indeed the laws of Canada were supposed to guarantee that such things couldn't happen here. But, by the time the strike leaders were able to appeal to the courts, a new law had been placed on the statutes and their illegal kidnapping had been made legal. That was a product and part of the class struggle. Later, the Bennett government used the same law, then properly printed as Section 98 of the Criminal Code, as an excuse to imprison the leadership of the Communist Party during the period when it, the Government, was utilizing its control of the State and public revenues to save Mr. R. B. Bennett's favorite capitalist enterprises from bankruptcy: that was also part of the class struggle.

Truly did Marx and Engels write in the *Communist Manifesto*:

The theoretical conclusions of the Communists are in no way based on ideas or principles that have been invented, or discovered by this or that would-be universal reformer. They merely express, in general terms, actual relations springing from an existing class struggle, from a historical movement going on under our very eyes.*

Some democratic Canadians are inclined to believe that the renegades who are so well paid by Big Business for their contemptible services as stool-pigeons, organizers of company unions, strike breakers, or just plain liars, are a new phenomenon in the Canadian Labor movement. Anybody who is the least bit inclined to believe that, should read a report written by Mr. Mackenzie King — before he

* *The Communist Manifesto*, Part 2.

became Prime Minister of Canada — concerning Labor-Employer relationships on one of Canada's railways in 1903:

PURCHASABILITY OF LEADERS DISCLOSED

... the chief organizer for Canada of an International order such as the United Brotherhood of Railway Employees, was made, for a small gratuity, to reveal in their entirety the secret workings and plans of an organization of which he was, within the Dominion, the head and trusted representative.

CANADIAN ORGANIZER OF UBRE ENTERS COMPANY'S SECRET SERVICE

P—————, who was selected by Estes* as his chief representative to do the work of organizing in Canada, and who was looked up to as a leader by the members of the Brotherhood in this country, appears to have been a weak man with a doubtful record, and at the time of his appointment to the post of organizer of the Brotherhood, in financial difficulties, and apparently in poor health. At Nelson, he was threatened with exposure by the Canadian Pacific Railway detective, who had discovered some facts regarding his career elsewhere. Under the influence of fear, and under the stress of having to make provision for his family, he yielded to the pressure applied by the detective and subsequently signed the following written statement:

"I, P—————, Organizer General of the United Brotherhood of Railway Employees for Canada, do hereby offer my service to the special service department of the Canadian Pacific Railway Company, and shall be pleased to accept a position under them. This offer is made of my own free will and without conditions."

This proposal is dated and witnessed at Nelson,
January 24, 1903.**

The technique of recruiting hirelings from within the Labor movement to do the dirtiest of all jobs for the employers against the working class has been elaborated during the past forty years, but the above quotations still describe its main features. Change the name of the corporation and of the outcast who betrayed his fellow workers, and the quotation describes the majority of renegades who are in the service of Big Business against the Labor movement today.

* Then International President of the UBRE.

** Excerpts from *Report of the Royal Commission on Industrial Disputes in the Province of British Columbia*.

Led by the monopolists, the capitalist class has become anti-national. It is turning increasingly to support of policies directed to selling Canada's priceless natural resources of forest and mineral wealth and potential water-power to the great finance-capitalist interests in the United States, instead of towards the higher industrial development of Canada. In 1836 reactionaries in Canada denounced the great William Lyon Mackenzie as a "Yankee agent" because he advocated policies which, they believed, would unite Canada with the then advanced democracy of the United States. Fundamentally different class political considerations cause many Canadian workers to label the great Mackenzie's grandson as an agent of United States imperialism today.

The contrast between the role of Mackenzie King and that of his illustrious grandfather reflects the passing of a whole historical stage of the class struggle in Canada. The workers who condemn Mackenzie King's postwar policy of deliberately distorting Canada's economic development so as to make our economy complementary to and dependent upon United States industry, illustrate the fact that the working class is beginning to replace the capitalist class as the champion of the real interests of the nation. Truly did Marx and Engels write in the *Communist Manifesto*: ". . . the struggle of the proletariat with the bourgeoisie is at first a national struggle . . . The working class in every country must first of all settle accounts with its own bourgeoisie."

* * *

The modern working class with its Labor movement is the most important product of capitalism.

Capitalism, like each form of class society which preceded it, has generated within itself the economic embryo of a higher, more advanced, economic system. Simultaneously it has brought into existence the social force which can protect its own interests only by political action which, if successful, will lead to the replacement of capitalism by socialism. As Marx wrote in his scathing reply to Pierre Joseph Proudhon:

Large-scale industry concentrates in one place a crowd of people unknown to one another. Competition divides their interests. But the maintenance of wages, this common interest which they have against their employer, unites them in a common thought of resistance—combination. Thus combination always has a double aim, that of stopping the competition among themselves, in order to bring about a general competition with the capitalist. If the first aim of resistance was merely the maintenance of wages, combinations, at first isolated, constitute themselves into groups as the capitalists in their turn unite in the idea of repressions, and in face of always united capital, the maintenance of the association becomes more necessary to them than that of wages. This is so true that the English economists are amazed to see the workers sacrifice a good part of their wages in favor of associations which, in the eyes of these economists, are established solely in favor of wages. In this struggle—a veritable civil war—are united and developed all the elements necessary for a coming battle. Once it has reached this point, association takes on a political character.

Economic conditions had first transformed the mass of the people into wage-workers. The domination of capital has created for this mass a common situation, common interests. This mass is thus already a class, as against capital, but not yet for itself. In the struggle, of which we have noted only a few phases, this mass becomes united and constitutes itself as a class for itself. The interests it defends become class interests. But the struggle between class and class is a political struggle. . . .

An oppressed class is the vital condition of every society founded upon the antagonism of classes. The emancipation of the oppressed class thus implies necessarily the creation of a new society. For the oppressed class to be able to emancipate itself it is necessary that the productive powers already acquired and the existing social relations should no longer be capable of existing side by side. Of all the instruments of production, the greatest productive power is the revolutionary class itself. The organization of the revolutionary elements as a class supposes the existence of all the productive forces which could be engendered in the bosom of the old society.*

Who can deny that the Labor movement has reached that stage in Canada today? Not only has the Labor movement a political character in the sense indicated by Marx but its proclaimed aims are increasingly political also. Wage and salary earners and their dependants now constitute the ma-

* Karl Marx: *The Poverty of Philosophy*, pp. 145-46

jority of the nation; along with the farmers and professional people they constitute the main body of the nation. As Marx and Engels pointed out:

All previous historical movements were movements of minorities, or in the interest of minorities. The proletarian movement is the self-conscious, independent movement of the immense majority.*

But, like the beneficiaries of feudalism, the capitalist monopolists, the swarms of lesser parasites and their hirelings, are not prepared to allow the future of civilization to be decided simply on the basis of the interests of the majority—no matter how strongly the majority want such a settlement. The monopolists are deluging the people of Canada and the United States with hypocritical propaganda about the devotion of the capitalists to democracy—but they made a mockery of parliamentary democracy in Italy and France by forcing the exclusion of the great Communist Parties from the governments of those two countries. The monopolists deluged the people of Canada and the United States with lying propaganda pretending that democracy was threatened in Italy by the Communist Party. Under cover of their unscrupulous propaganda, however, they themselves undermined the democratic processes in Italy. A revealing commentary upon their cynical determination to win “that round of the class struggle” was contained in the report of Howard K. Smith, radio correspondent of the Columbia Broadcasting System, speaking from Milan, Italy, on election day, Sunday, April 18.

The correspondent pointed out that the Communists and their allies controlled about 18 per cent of the public press in Italy during the election campaign while the anti-Communists controlled 80 per cent. For every dollar spent by the Communists and their allies during the election campaign the anti-Communists spent four dollars. The Vatican, with all its tremendous authority, worked openly and by extreme means for the defeat of the Communists and their

* *The Communist Manifesto*, Part 1.

allies. On top of all those odds, the most effective of all actions to impel Italians to vote against the Communists and their allies were the actions of the U.S. Government. Mr. Smith expressed an opinion — he termed it a *frightening thought* — as follows: If the press which supported the Communists had been equal to the press which supported de Gasperi; if the most powerful religious organization in the world and the government of the powerful United States had not participated openly and energetically in the campaign to influence the vote, the probabilities are that the majority of the Italian people would have voted of their own free will in favor of the communist-led Popular Front, and the de Gasperi government would have suffered a crushing defeat.

The content of the radio correspondent's words was a searing indictment of the means by which the will of the Italian people was influenced. His warning to the imperialists about the shameful social inequality imposed upon the masses in Italy, of the extremes of misery and luxury which characterize social conditions there, was a striking commentary upon the conditions that the Vatican and the United States Government are co-operating to maintain. Such is the attitude to the people, of those who scream through all their channels of propaganda that the Communists are a danger to democracy. Truly did a Canadian radio commentator remark: "Premier de Gasperi hails the election result as a victory for Christianity, but Wall Street hails it as a victory for capitalism."

On an international scale the United States Government, along with its junior partners who support the policies of U.S. finance-capital, is pressing the class struggle by methods only just short of war — which has been described correctly as "politics pursued by other (i.e. violent) means." The United States' "European Recovery Program," popularly known as The Marshall Plan is not a plan to bring about the economic recovery of Europe, it is the economic implementation of the Truman Doctrine. Instead of feeding the

hungry, regardless of their political opinions or forms of government, it promises food to governments which accept the "Line" of United States imperialism. One of the most cynical and effective threats used to influence the Italian elections was that of the U.S. State Department that Italy would receive no Marshall Plan aid if the Popular Front were elected to government. The principal objective of the Marshall Plan is to rebuild the steel, chemical and fabricating industries of the Ruhr — to convert the British-American-French zones into an arsenal for the third world war now being planned by United States militarists. The Marshall Plan is designed to subvert the national sovereignty of the countries of Western Europe. To the extent that it is implemented it will reduce Britain's chance of regaining economic balance. While trying to buy the governments of 16 European countries with Marshall Plan dollars the United States imperialists are seeking to provoke war against the New Democracies and the USSR. As part of an effort to get the governments of South America to join the United States in an anti-Communist axis, General Marshall went to the length of publicizing all over the Hemisphere his absolutely unsubstantiated (and later discredited) assertion, that the Columbian revolution, which interrupted the Pan-American conference was organized by Communists.

The reckless war-mongering policies being pursued by U.S. and Canadian imperialists are aimed against the workers and other producers equally as against the advance of democracy in Europe. Indeed they include efforts to weaken the Labor movement, to revive fascism, and to lower living standards while diverting the attention of the workers by deliberately cultivated prejudice, national hostility and war hysteria. But the monopolists and their unscrupulous political servants will fail. Capitalism has fulfilled its historic mission. It has created the productive forces which, technically, make it possible for mankind to abolish want, and it has brought into being the social force which will lead the nations through the fundamental reorganization of so-

ciety. What were prophetic words in the 1860's, are a description of the conditions already existing, and over-ripe, today:

... There is a steady intensification of the wrath of the working class—a class which grows ever more numerous, and is disciplined, unified, and organized by the very mechanism of the capitalist method of production. Capitalist monopoly becomes a fetter upon the method of production which has flourished with it and under it. The centralization of the means of production and the socialization of labor reach a point where they prove incompatible with their capitalist husk. This bursts asunder. The knell of capitalist private property sounds. The expropriators are expropriated.*

3. THE EPOCH OF SOCIALIST TRANSFORMATION

When Lenin declared that the First World War opened up a new historical period, in which finance-capitalist imperialism would be superseded and replaced by Socialism, the leaders of capitalism treated it as a mere propaganda statement. Few if any of them understood that its validity could be verified. For students of Marxism, on the other hand, Lenin's analysis of the wealth of economic and political data that he assembled was conclusive. He proved that finance-capitalism with its monopolies, international cartels, sharing out of the world market and destructive struggles for territorial redivision of the earth, was the highest stage to which capitalism could develop. He showed, further, that monopoly-capitalism had brought into existence new conditions and forms of production which would compel changes in "property relationships," that is, the conditions of ownership of the means of social production.

Lenin's contributions to Marxist theory were all made by intensive and consistent application of the laws of development discovered by Marx to the conditions created by monopoly-capitalism. His contributions were fundamental.

* Karl Marx: *Capital*, Vol. I, pp. 836-37 (Kerr edition).

He elaborated and extended the work started by Marx and Engels on the class character and political functions of the capitalist State, on the right of every nation to self-determination and on the historical role of the workers' Party. By intensive study of the development of capitalism in Czarist Russia and of that which was new in finance-capitalism as a whole, he demonstrated that some of the conclusions which had become virtually traditional among Marxists had been rendered obsolete by the rise of finance-capitalism. In the process of demonstrating that, he found and proved that the main reason why the Socialist movement had continued to nurse obsolete conclusions was to be found in the fact that Social-Democratic leaderships, almost everywhere, had transferred their emphasis from the class struggle to parliamentary manoeuvring as part of their considered replacement of the goal of Socialism by the goal of successful parliamentary careers.

Lenin contradicted several ideas which had become dogma. It is a striking tribute to the validity of Marxism as the science of society, and a guarantee of its vitality as the compass of the working class in its march to socialism, that he proved his new conclusions to be right and the old ones outdated entirely on the basis of Marxism. This is of particular interest to Canadian Marxists. We, also, are faced by new and changing conditions. The economy of our country has been transformed by the rise of monopoly-capitalism. Its domestic economy is now being sacrificed for the profit of finance-capital. Lenin would have urged Canadian Marxists to study the development of Canadian capitalism and existing conditions systematically. The following warning, that he addressed to Russian Marxists fifty years ago could be studied to good purpose by Canadian Marxists today:

We do not by any means regard the theory of Marx as something fixed and inviolable. On the contrary, we are convinced that it laid only the cornerstone of the science which socialists *must* carry further in all directions if they want to keep pace with life.

We think that the Russian socialists particularly should develop the theory of Marx independently.*

Lenin himself worked tirelessly to develop Marxism. His work, *The Development of Capitalism in Russia* and his work, *Materialism and Empirio-Criticism* are each outstanding contributions to Marxism. They are also classical examples of the thoroughness and intensity with which he studied all available materials, and the tenacity with which he combatted all attempts to distort Marxism — particularly its revolutionary content — while searching out all that was new.

Lenin's consistent fight for the purity of Marxist theory and the fearless testing of it in political action was, without question, the decisive factor in preparing the revolutionary movement in Czarist Russia for the great task that it performed in 1917. That achievement had been prepared for by long years of activity during which the Russian Marxists combined the most intensive activity within Czarist Russia with the most extensive relationships with the international Socialist movement, of any party in the world. As Lenin wrote in 1920:

For almost half a century—approximately from the forties to the nineties of the last century—advanced thinkers in Russia, under the oppression of an unprecedented, savage and reactionary Czarism, sought eagerly for the correct revolutionary theory and followed each and every “last word” in Europe and America in this sphere with astonishing diligence and thoroughness. . . . Thanks to the enforced emigration caused by Czarism, revolutionary Russia, in the second half of the nineteenth century possessed a wealth of international connections and excellent information about world forms and theories of the revolutionary movement such as no other country in the world possessed.**

That unprecedented combination of intensive activity in the face of savage repression at home, and the most active interest and participation in the development

* V. I. Lenin: *Collected Works*, Vol. 2, p. 425.

** V. I. Lenin: *Left-Wing Communism*, Chapter 2.

of world capitalism and the socialist movement was stamped with Lenin's genius. He was fighting stubbornly for the building of what was at that time a very new type of party—a party based squarely and solely upon individual membership, cemented by complete agreement upon political principles and policies, with no evasion or slurring over of issues or differences, its leadership and rank and file membership mutually responsible through the organizational principle of democratic centralism. While pressing that fight Lenin studied all the issues confronting the international socialist movement and, intensively, the application of Marxism in the conditions of his day.

His studies showed that revolutionary changes have taken place in the structure and role of capitalism. Each of the changes that he demonstrated coincided fully with the path of development described by Marx. Their combined effects were changing the character of capitalism so definitely that, while defining the finance-capitalist stage as "the highest stage of capitalism," Lenin *described* it as *capitalism in transition*.

As noted above, Lenin's work on imperialism marked a new stage in the development of Marxist political theory. His theory of the specific character of the historical period through which we are living, suggested a breath-taking perspective of world imperialist wars, colonial struggles for national independence, and the rise of Labor to a decisive national and international role in the then emergent world-wide struggle to raise democracy to a new and higher level (then frequently described as economic democracy) and to extend it to all men.

In this connection it is necessary to correct one of the falsehoods that is sedulously spread by capitalist propagandists, namely, the falsehood that Lenin considered democracy and Socialism as distinctive and exclusive social concepts. Lenin never at any time suggested anything of the sort. He always identified Socialism with richer and broader democracy. He always insisted that the struggle for

each was inextricably interwoven with the struggle for the other. As he wrote in refutation of Rosa Luxemburg and other Polish Social-Democrats who placed the demand for Socialism in juxtaposition to the demand for national self-determination and other bourgeois reforms:

It would be a fundamental mistake to suppose that the struggle for democracy can divert the proletariat from the socialist revolution, or obscure, or overshadow it, etc. On the contrary, just as socialism cannot be victorious unless it introduces complete democracy, so the proletariat will be unable to prepare for victory over the bourgeoisie unless it wages a many-sided, consistent and revolutionary struggle for democracy.*

In *Imperialism, the Highest Stage of Capitalism*, Lenin showed that capitalist competition had transformed itself into monopoly, exactly as Marx had prognosticated. He showed that when monopoly-capital becomes dominant in the economy of a country, the finance-capitalist oligarchy dominate the shaping of domestic and foreign policies of the government as well as that country's economy, in every case precisely as in Canada today. In other words, the interests of monopoly-capital determine the policies of monopoly-capitalist states.

He showed that "under capitalism the development of different undertakings, trusts, branches of industry or countries *cannot be even*."** The simple truth of that statement will be evident to any Canadian who studies the changing rate of development of different sectors of our national economy. It becomes even more evident with consideration of the remarkable change that has taken place in the proportionate economic strength of Canada and the United Kingdom. In addition to the truth of the statement, however, Lenin showed that "uneven economic and political development is an absolute law of capitalism," and operation of that law is intensified to an extreme degree by the rise

* V. I. Lenin: *Selected Works*, Vol. 5, p. 268. "The Socialist Revolution and the Struggle for Democracy."

** V. I. Lenin: *Imperialism, The Highest Stage of Capitalism*, Ch. 9.

of finance-capitalism with its monopolies and cartels. Discovery of that law provided the key to an explanation of the rapid rise of new imperialist States to world importance in the epoch of finance-capitalism, and their rapidly changing strength in relation to each other. In 1916 Lenin wrote: "Half a century ago, Germany was a miserable, insignificant country as far as its capitalist strength was concerned, compared with the strength of England at that time. Japan was similarly insignificant compared with Russia. Is it 'conceivable' that in ten or twenty years time the relative strength of the imperialist powers will have remained unchanged? Absolutely inconceivable."* One needs but consider the contrast between the rate of development of different states, and the changing power relationships of the great states during the past 30 years, to recognize that he was correct.

Lenin's characterization of finance-capitalism as the final stage of capitalism was also based firmly upon irrefutable evidence. He showed that capitalist monopolies, reared upon the ruins of small personally-owned enterprise, do not abolish competition; they are features of the stage in which competition is raised to a level at which it involves not merely the fate of some industrial or financial concerns, but of governments and of states. He showed that the ramifications of finance-capital and its international cartels generate an inexorable tendency for capitalist states, including imperialist states, to become subordinate to one or other great imperialist power:

Finance-capital is such a great, it may be said, is such a decisive force in all economic and international relations that it is capable of subordinating to itself, and actually does subordinate to itself, even states enjoying complete political independence. Naturally, finance-capital finds it most "convenient" and is able to extract the greatest profit from a subordination which involves the loss of the political independence of the subjected countries and peoples. . . .

The more capitalism develops, the more the need for raw

* *Ibid.*

materials arises, the more bitter competition becomes, and the more feverishly the hunt for raw materials proceeds all over the world, the more desperate becomes the struggle for the acquisition of colonies.*

Lenin pointed out that this trend, and the ruthless drive of finance-capital for domination and "reaction all along the line," would inevitably involve the imperialist system in cataclysmic wars undertaken by groups of powers in insane attempts to eliminate rivals and achieve world domination for themselves.

The same driving forces which made finance-capitalist imperialism the breeder of world wars, made national liberation movements in colonies an integral part of the developing world-wide struggle for democracy and Socialism. Lenin demonstrated that, already before World War I, the colonial policies of finance-capitalism were speeding up the accumulation of economic and political contradictions and of social forces which, eventually, would combine to undermine and to end the imperialist system.

He showed that the growth of capital and the new role of the banks in the monopoly stage of capitalism led to increasing investment in colonies, development of elements of capitalism and the growth in such colonies of a native capitalist class. Once started, the immanent economic laws of capitalism discovered by Marx impel the rising colonial capitalists to seek expansion. The desire to secure control of their country's economic policy, including control of tariffs, quickly transforms them from servitors of the imperialist power into clamorous advocates of national independence. Thus, although motivated by different considerations, peasants, workers, petty bourgeoisie and capitalists unite in the national liberation movement, and a full sense of nationality, with fully *national* aspirations develops. As national independence is achieved the capitalists, continuing their pursuit of the same selfish class aims, turn again and become the allies of foreign imperialism. The passing over

* *Ibid.*, Chapter 6.

of colonial capitalists from the anti-imperialist camp to the camp of foreign imperialists against the nation has been exemplified crassly during recent years by Chiang Kai-shek and Jawaharlal Nehru and the profit-hungry class interests that they represent in China and India.

Lenin pointed out that in attaining its highest and final stage of development, capitalism had brought into existence the embryo of the socialist form of production and simultaneously, had stimulated the elements which were bringing about its own destruction. He showed that, objectively, imperialism confronts mankind with the *necessity* for the socialist transformation of society.

His discoveries caused Lenin to challenge one of the ideas then accepted by the majority of Socialists as axiomatic. Until then, it had been held that Socialism could be established only if the transformation were undertaken and carried through in at least several of the most highly developed and industrially advanced countries simultaneously. Lenin declared that theory to have been rendered obsolete by development. In place of it he advanced a theory which has had revolutionary consequences for all mankind. In the new conditions, he declared, Socialism could be victorious in one country. In place of the conception popularized by the Social-Democratic movement to the effect that capitalism would develop to the point at which its contradictions would bring about automatic breakdown, following which Socialism would be established simultaneously in practically all industrialized countries, Lenin advanced the perspective of a revolutionary epoch: "The transition from capitalism to Socialism will occupy an entire historical epoch."*

On a number of occasions, in polemics against both Right and Left attempts to revive mechanistic conceptions of the socialist transformation of society, Lenin emphasized that point. Against the idea of a nice agreeable change-over

* V. I. Lenin: *The Proletarian Revolution and the Renegade Kautsky*. Chapter 3.

to suit the convenience of all, he insisted that the transformation would involve an implacable political struggle. Against the comfortable idea of an overnight change "because nothing else will be possible," he insisted that the Socialist revolution must take place in the form of a revolutionary epoch in which imperialist wars, colonial revolutions for national independence, the growth of the trade unions and the parliamentary strength of Labor and its democratic allies, and proletarian revolutions, would all play inter-related parts. Furthermore, he pointed out, in the conditions created by finance-capitalism, the workers would take over state power first in the country or countries which were the *weakest* links in the capitalist system—not in the strongest. Lenin formulated his proposal in the following words:

The development of capitalism proceeds very unevenly in the various countries. It cannot be otherwise under the commodity production system. From this it inevitably follows that socialism cannot be victorious simultaneously in *all* countries. It will be victorious first in one, or several countries, while the others will for some time remain bourgeois or pre-bourgeois.*

That was the key to the strategy which enabled the workers and peasants of Czarist Russia to achieve state power and by which, under Stalin's leadership, a sixth of the earth was transformed from one of its most politically backward areas to its first Socialist stronghold.

But, — and Lenin's insistent emphasis upon this was one of his greatest contributions, — no exploiting class ever gives up its privileges and class advantages voluntarily. As a class the capitalists will do anything rather than get off the workers' backs. He fought tirelessly to win recognition of the fact, that while progressive change is now rendered *historically necessary* by conditions over which the workers have no control, it can be brought about only by consciously organized, working-class political action. A very large proportion of his life's work was devoted to elaboration of the organization, political training and the strategy and tactics

* V. I. Lenin: *Collected Works*, Vol. 19, p. 364.

of this indispensable *subjective* factor, and of the workers' parties dedicated to its development. His work on the role of the *subjective* factor in the socialist transformation produced another elaboration of Marxism which has had revolutionary consequences; he defined, precisely, the role of the State in the transition from capitalist to socialist democracy.

* * *

Marx and Engels proved that the forms and limits of democratic government which develop in any class society must correspond with the operation of its fundamental property relationships. Changes made in the forms of such democracy, its extent, operation, modifications, and so on, are bound to coincide with the changing necessities of its property relationships and, thereby, with the interests of the possessing class. How consciously the capitalist class and its hirelings strive to maintain that correspondence was illustrated during April 1948 by the financial editor of a Liberal weekly in Toronto. He argued that "in a world necessarily becoming increasingly collectivist, . . . a central objective of policy will be the preservation of economic freedom of enterprise and the profit system."*

Because of the foundation upon which the capitalist State is reared and the thousands of threads by which it is connected with the profit system, Marx pointed out that the working class would not be able to establish Socialism by simply taking over the state apparatus as developed to serve and maintain capitalism. A fundamental transformation of society would involve and would require a fundamental transformation of the State.

The Social-Democrats buried the teaching of Marx and Engels on this vital question. Replacing the goal of Socialism with their new goal of parliamentary careers, they replaced the fundamental idea of a transformation of the type of State by the idea of a change of the type of securities owned

* P. M. Richards, in "The Business Angle." *Saturday Night*, April 17, 1948.

by the capitalist class. For example, in the United Kingdom, Mr. Hugh Dalton pointed out to the capitalists during the spring of 1948, that the Labor Government had improved the average quality and safety of investments in the British Isles without reducing the fortunes of the capitalist class by a dollar:

. . . As a result of our nationalization measures already passed, gilt-edged stocks quoted on the Stock Exchange will soon have increased from £15,000 million to £17,000 million and "other securities" reduced from £13,000 million to £11,000 million.*

Lenin castigated the Social-Democrats mercilessly for their dishonest and mischievous pretence that "pure" democracy is possible in a society divided by conflicting class interests. As long as any government enforces laws and conditions in which one class enjoys advantages over another, "pure" democracy is impossible. Furthermore, finance-capitalism has extended the influence and claims of the "investment capital" interests in the great imperialist states to every corner of the capitalist sector of the earth. How can there be "pure" democracy in any country in which the government is influenced by the claims of foreign capital and the aims of foreign investment bankers, who dominate sectors of its economy and phases of its foreign policy—as is the case, for example, in Canada today? Against the pretences of the Social-Democrats, Lenin revived the revolutionary concept of Marx and Engels concerning the State and its role:

Bourgeois democracy, while constituting a great historical advance in comparison with feudalism, nevertheless remains, and cannot but remain, a very limited, a very hypocritical institution, a paradise for the rich and a snare and a deception for the exploited and the poor.**

He showed by scores of examples that the modern, repre-

* Hugh Dalton, in the *New Statesman and Nation*, Feb. 21, 1948. Quoted by R. Palme Dutt in the *Labour Monthly*, April, 1948.

** V. I. Lenin: *The Proletarian Revolution and the Renegade Kautsky*. Chapter 2, "Bourgeois and Proletarian Democracy."

sentative state is an instrument of class rule no less than were the ancient and feudal states. "In reality . . . the state is nothing but a machine for the oppression of one class by another, and indeed in the democratic republic not less than in the monarchy."*

By dozens of typical examples Lenin demonstrated that the more highly developed capitalist democracy becomes, the more its parliament and government is dominated by considerations behind which stand the banks and the stock exchange. *Capital* enjoys freedom. The rights of persons and their actions are regulated and restricted for the protection of the rights of capital, that is, the profit system. The problem of reconciling individual freedom of action with responsibility to the community is "solved" by giving the freedom to impersonal investment capital, and the responsibilities to individuals—the overwhelming majority of whom possess no capital whatsoever. Against the social-democratic political quagmire of "a middle way" Lenin insisted ". . . there can be no middle course, . . . any dream of a third course is merely the reactionary lament of would-be members of the bourgeoisie:"

. . . So long as there are exploiters who rule the majority, the exploited, the democratic state must inevitably be a democracy for the exploiters. A state of the exploited must fundamentally differ from such a state; it must be a democracy for the exploited, and a means of *suppressing exploitation*, that is, *the exploiters*; and the suppression of a class means inequality for that class, its exclusion (as a class—T.B.) from "democracy." . . .

Another truth: there can be no real, actual equality until all possibility of the exploitation of one class by another has been destroyed. . . .

It is impossible to expropriate all the landlords and capitalists of a country of any size at one stroke. Furthermore, expropriation alone, as a legal or political act, does not settle the matter by a long way, because it is necessary to depose the landlords and capitalists

* Frederick Engels, in his Introduction to Marx's *Civil War in France*.

in actual fact, to replace their management of the factories and estates by workers' management in actual fact.*

The above quotations only exemplify the scores of sober and irrefutable statements of fact with which Lenin backed up his passionate fight for a correct estimation of the role of the State during the transition from capitalism to Socialism. He emphasized, over and over again, the scientific historical correctness of the famous thesis formulated by Marx: "Between capitalist and communist society lies the period of the revolutionary transformation of the one into the other. There corresponds to this also a political transition period in which the state can be nothing but the revolutionary dictatorship of the proletariat."**

The way in which events have corroborated Lenin's conclusions is striking testimony to Marxism. Two sanguinary world wars of terrible destructiveness, with only twenty-one years between the end of the first and the outbreak of the second, provided desolate evidence that he was correct when he characterized finance-capitalist imperialism as a breeder of ever-extending predatory wars of aggression. If further grim evidence to the same effect is desired one needs but to study the monopoly-capitalist source of the provocative United States policies which now are threatening to plunge the world into war again. The facts of life shout aloud that Lenin was abundantly correct when he declared: "Imperialism is the epoch of finance-capital and of monopolies which introduce everywhere the striving for domination, not for freedom."

It is remarkable how exactly events have corroborated Lenin's thesis that the struggle for democracy and for Socialism is one struggle.

The over-all character of the postwar changes brought about so far in Europe and Asia is that of a tremendous extension of democracy and self-government. The people

* V. I. Lenin: *The Proletarian Revolution and the Renegade Kautsky*. "Can There Be Equality Between the Exploited and the Exploiters."

** Karl Marx: *Critique of the Gotha Programme*.

of dozens of nations that were previously dominated by foreign powers, are refusing to accept such domination any longer. The most sweeping and widespread democratic advance ever recorded in such a short time, is expressed in the proclaimed determination of those nations to govern themselves in their own way. The wide support given to their demand for national independence by democratic people in the imperialist states, bears out Lenin's thesis completely. What bears out the thesis even more emphatically is the fact that the colonial struggles for national independence are undermining the imperialist system as a whole.

In Canada and the United States as well as in Europe and Asia, there is a widespread, extending and deepening realization of the necessity to raise the level and strengthen the base of democracy. Most of the people who feel that need wouldn't describe their sentiments in those words, but that is their content. Democratic men and women are increasingly rejecting the idea that a social system which condemns the overwhelming majority of the people to insecurity, want, and recurring destructive wars, is the highest democracy that mankind is capable of. The dominant trend of democratic opinion is towards the idea of organizing the national economy—to provide abundance and security for all the people.

A very rapidly increasing number of people agree, that while capitalist democracy is an advance upon the various levels of democracy which have existed at different times since the democracy of the slave owners in the city states of ancient Greece, mankind needs now a form of democracy which will utilize all the immense productive resources of today in the service of the people, instead of the capitalist form which subordinates the welfare of the masses of the people to the interests of a few profit-hungry monopolists. The idea that governments should govern the country's economy instead of only its people—and should govern the national economy in the interest of *all the people*, is the

dominant idea of the New Democracy. That is the aim which makes it a higher, as well as broader ideal than the truncated democracy based upon the maintenance of profits and capitalist class privileges.

The People's Republics are not proletarian dictatorships. They are parliamentary governments based upon the working class and the peasantry. The decisive political dividing line by which their supporters and enemies are distinguished, marks off anti-fascists from pro-fascists. The fact that the People's Republics are making the transition to Socialism under such political conditions, indicates a path to Socialism which is distinct from the specific form developed in the Soviet Union. But the content of the development does not contradict Lenin's estimation; it proves how absolutely correct his estimation was—as everybody who cares to study him now will recognize. The People's Republics are States of an entirely new type, not replicas of the Soviet State of the USSR. But the crucial factor in their progress is still the role of the working class through its Communist Party. If they are able to play exactly the role that Lenin and Marx and Engels recognized as decisive in directing the transition to Socialism, it will be because of the 30 years of achievement of proletarian dictatorship in the Soviet Union and the change that it brought about in the world. International finance-capital cannot do quite the same things to the New Democracies in 1948, that it did to staggering and isolated revolutionary Russia in 1918.

Lenin himself would have answered arguments that the New Democracy does not conform to his prognostications, in the same way that he answered the doctrinaires and the doubters who argued against taking State power in 1917 on the ground that the bourgeois-democratic revolution had not yet been completed. Lenin's reply was as follows:

My answer is: The Bolshevik slogans and ideas in general have been fully corroborated by history; but *concretely*, things have

turned out *differently* than could have been anticipated (by anyone); they are more original, more specific, more variegated.*

As though to emphasize the need to always reckon with the immeasurable variety of concrete political realities, Lenin added the following quotation from the poet Goethe: "Theory, my friend, is grey, but green is the eternal tree of life."

Lenin's prediction that the demands of colonial peoples for national independence would spread and gather strength has been corroborated so fully by developments, that relatively few people realize now how novel and audacious his prediction was when he made it. His further prediction that the wars for national independence would merge politically with the working-class struggle against monopoly capitalism, is borne out in a striking manner today by both the political effects and the changing social objectives of national liberation movements.

From Egypt, throughout the Middle East, to southeastern Asia and China, the peoples are in revolt against imperialist domination. The democratic forces of the people continue to make gains in India, Indonesia, Burma, Malaya, Viet Nam, China and other countries, in spite of their technical backwardness, their relative lack of material resources and their lack of experience. The imperialists continually lose ground in those countries, in spite of their long experience and technical superiority. Lenin wrote prophetically about the conditions of today when he penned the following words in 1918:

The human race is passing through great and difficult changes which have a world liberating significance. The world is passing to the war of the oppressed against the oppressors. In this new war the oppressed are struggling for liberation from the yoke of capitalism, from the abyss of suffering, torment, hunger and brutaliza-

* V. I. Lenin: *Selected Works*, Vol. 6, p. 33. "Letters on Tactics."

tion; they desire to pass onward to the bright future of a communist society, to universal well-being and a secure peace . . .*

In China, the People's war against foreign imperialist domination has already merged with the struggle to replace feudal backwardness and reaction by the New Democracy. Mao Tse-Tung, the venerated leader of the Chinese Communists, epitomised both the aims and the decisive features of that struggle in a few words when he told the members of the Party's Central Committee on December 25, 1947:

The war being waged by the People's Liberation Army is a patriotic, just and revolutionary war, which must inevitably enjoy the support of the entire nation. This is the political foundation of victory . . .

The American militarists offer Chiang Kai-shek strategy and tactics for destroying the People's Liberation Army, and with this end in view they are training Kuomintang troops and supplying them with war material and equipment. Nevertheless, all these efforts cannot save the Kuomintang army from defeat. This is due to the fact that our strategy and tactics are based on the principles of the people's war, and no anti-popular army can use our strategy and tactics. . . .

The allies of the People's Liberation Army in the rear are now united more closely than they were 18 months ago. This is the result of the firm alliance between our Party and the peasantry for carrying out the land reform. Our policy is to rely upon the poor peasantry and maintain a stable alliance with the middle peasantry in order to abolish the system of feudal and semi-feudal exploitation created by the landlords and rich peasants of the old type, whose land and properties are to be divided among the masses of the peasants . . . the landlords and rich peasants constitute only about 8 percent of the families registered in the Chinese countryside, they own from 70 to 80 percent of all the land . . . the number of people who can and must take part in carrying out the land reform proposed by the United Front amounts to more than 90 percent of the rural population.

It is not surprising that Mao Tse-Tung was able to report that the membership of the Communist Party of China had grown to 2,700,000, and the strength of the People's Libera-

* V. I. Lenin, in *Izvestia*, March 12, 1918, "The Chief Tasks of Our Times."

tion Army to more than two million trained fighting men. It is evident that he spoke the sober truth when he declared that in Asia, the forces of the anti-imperialist camp are superior to those of the imperialist camp. The population of China alone exceeds 400 million and victory for the New Democracy in that country might well be decisive for imperialism. But the democratic forces in China do not consider their struggle as separate from the anti-imperialist struggles in other countries of Asia; on the contrary, Mao Tse-Tung calls upon all the democratic forces in the Orient to unite and "set themselves the goal of liberating the thousand million people of the oriental countries." The People's war in Asia is already an integral part of the worldwide advance to the New Democracy.

Truly did Lenin declare that the maturing of monopoly-capitalist imperialism opened the epoch in which the capitalist system would be destroyed by its own contradictions; the epoch in which the manipulators of monopolistic finance-capital would be displaced from domination of the world by the actual producers, led by the working class through its organizations.*

Capitalist propagandists pretend to draw confidence from occasional setbacks to the advance of the New Democracy. They may profit for a while by cultivating illusions, but the "victories" about which they pretend to enthusiasm are temporary, and in most cases pyrrhic victories for finance-capitalism. For example, the victory shared by the United States Government and the Vatican in the Italian elections can be compared truthfully with the initial gains made by the Nazi high command in "the Battle of the Bulge" during February 1945. In each case, immediate tactical objectives were achieved by throwing everything available into the effort to achieve them—including all reserves. That the "victory" won for finance-capital in Italy by such extreme methods will be temporary is indicated

** The Epoch of Imperialist Wars, Colonial Revolts and Proletarian Revolutions.*

by the popular vote. In defiance of both the threats of Italian priests that they would be forever excluded from heaven, and the threats of United States politicians that they would be forever excluded from the United States, more than 30 percent of Italy's voters marked their ballots against finance-capitalism, for the New Democracy. In the main, that 30 percent voted for Socialism and peace.

"Victories" such as those achieved by the political servants of monopoly-capital in Italy, France, Greece, Turkey and the British-French-United States zone of Germany, and the time they are purchasing with the Marshall Plan, will not stop the decay of finance-capitalism, will not overcome the crisis of the imperialist system, and therefore will not stop the spread of desire for the New Democracy.

The leaders of political reaction realize now that the elemental surge of popular desire for advance to a higher level of democracy cannot be stopped. That realization is the source of their concentration upon preparations for the war that they are aiming to provoke. They are trying to stir up blind prejudice and a war hysteria. They are trying to create the appearance of popular support for war against the Soviet Union and the New Democracies. They want, recklessly, to provoke a situation that they can describe as "cause" for war against the Union of Soviet Socialist Republics before support for the idea of the New Democracy becomes overwhelming in France, the British Isles and other countries of Western Europe. How reckless they have become, in the face of the consistent refusal of the New Democracies to be provoked was illustrated by President Truman's proposal that the United States should make every Marshall Plan country another Greece, — dependent upon United States tanks, planes, artillery and military equipment and supplies. How closely their plans are coordinated was demonstrated by the fact that the King government arranged so that, simultaneously with President Truman's proposal, Canada's Minister for External Affairs suggested to the House of Commons in very thinly veiled

language that the election of Communist governments in any of the countries of Western Europe should be considered a cause for war. All these acts of irresponsible war-mongering during the week in which Winston Churchill published his considered opinion that Neville Chamberlain made a tragic mistake in refusing to accept the Soviet Government's proposal for a mutual assistance agreement in 1939! Truly, "Whom the gods would destroy they first make mad."

Lenin's comments upon the historical futility of the violent reaction of international bankers and their political servants against the Russian Revolution, and the first round of great democratic actions that it "touched off," apply exactly to the violent reaction against the spread of the New Democracy today. Addressing himself particularly to the "Left" communists who tended to imagine every new development or "turn" of political events as "the final and decisive" crisis, Lenin warned them that the imperialists might succeed in preventing the advance of the working class in some countries. But, he reminded them:

Life will assert itself. Let the bourgeoisie rave, work itself into a frenzy, overdo things, commit acts of stupidity, take vengeance on the Communists in advance and endeavor to kill off (in India, Hungary, Germany, etc.) hundreds, thousands, and hundreds of of thousands more of yesterday's and tomorrow's Communists.* Acting thus, the bourgeoisie acts as all classes doomed by history have acted. Communists should know that at all events the future belongs to them; therefore, we can, and must, combine the most intense passion in the great revolutionary struggle with the coolest and most sober estimation of the mad ravings of the bourgeoisie.**

Lenin's confidence was well-founded. Changes during the 28 years since he wrote the words quoted above prove conclusively that this is "The Epoch of the Socialist Transformation."

* Lenin used the word *Bolsheviks*. I have used the word *Communist* because in Canada today it expresses exactly the sense in which Lenin used *Bolshevik* in 1920.

** V. I. Lenin: *Left-Wing Communism*, Chapter 10.

4. IT'S THE TASK OF THE WORKING CLASS

Marxism shows that the advance to Socialism proceeds differently in different countries according to the influence of national traditions, economic and political institutions, and the political development of the working class. Marxism shows also, however, that the historical advance to socialist transformation of society is proceeding now in accord with verifiable laws of social change. All experience of the profound social changes brought about in the world during the past 30 years confirms the inexorability of the general laws of social development revealed by Marx and Engels—elaborated by Lenin and Stalin in their leadership of the actual socialist transformation of a sixth of the earth. As we have shown in the preceding pages of this book, our national economy and the aims of those who dominate it have reached the stage at which fundamental social change in Canada is now a condition of continued progress.

Canadian capitalism has evolved through all the economic and political stages of the profit system to its highest and final stage—monopoly-capitalism. In the process it has made the working class—its most important product—the biggest and most important class in the nation. Biggest, because wage and salary earners and their dependants now constitute more than half of the total population. Most important, because the main part of the national income, that part which is decisive for Canadian capitalism, is derived now from the work of wage and salaried workers—not from the activities of self-employed producers as was the case 50 years ago.

The evolution through which the working class has become the most important class in the country has produced all the other important changes and contradictions that Marx and Engels showed to be the signposts of capital-

ist development, through competition to maturity, monopoly and decay. Control of Canada's great industrial and financial corporations is now concentrated in the hands of a very limited number of tycoons, constituting considerably less than one-twentieth of one percent of the population. The term "The Monopolists versus the People" is a statement of actual fact.

In Canada, as in all capitalist countries, monopoly-capitalism is forcing the Labor movement more and more sharply up against the question: "What is to be the political content and aim of Canada's national policies?" Shall they be based upon the interests and hopes of the great mass of the people, or shall they reflect mainly the parasitical interests of finance-capital?

All the influence of monopoly capital is now concentrated upon the drive for policies of calculated reaction and a third world war. The monopolists are literally selling Canada to the United States. Having secured control of our country's vast resources of forest and mineral wealth and water-power, the avid "geniuses of finance" in Canada are seeking now to use that control as the price of partnerships for themselves in one or other of the giant American monopolies. They are peddling Canada's independence for U.S. dollars. Their influence in the top councils of both Liberal and Tory parties was spotlighted, vividly, by the alacrity with which Dominion government policies and attitudes were reversed during 1946-47, simultaneously with the emergence of the reactionary and bellicose anti-Canadian postwar aims of the clique of adventurers who now direct the vast influence of finance-capital in Canada.

Whether the monopolists will succeed depends upon the Labor movement.

They will be defeated if the working class and its allies among the masses of democratic Canadians organize wide and active popular support for policies aimed at democratic national development — with far-reaching integrated social reform at home, replacement of the Abbott Plan by a trade

policy based upon the new, emergent, economic developments in the countries of the Commonwealth and the New Democracies, and the proclaimed aim of Canadian co-operation with *all* nations of the Socialist as well as of the capitalist sector of the world. If the working class does not, through its economic, cultural and political organizations, develop active popular support for a dynamic program of democratic action, the monopolists will win — by default.

The working class will have to meet this test. No other class will or can prevent subordination of the interests of the nation to the ever-increasing demands of predatory and insatiable monopoly capital. Only the working class can prevent emergence of a neo-fascist regime at home as part of the preparation for a war of aggression abroad, in an insane attempt to destroy the New Democracy and re-establish the world sway of finance-capital. The fundamental need of the working class is unity in political action to strengthen democracy and maintain peace.

* * *

Millions of Canadians realize now that the danger of a third world war derives from the "will to war" of the monopolists, who place maintenance of the profit system above all other considerations. There is a growing realization that the aims and policies of United States imperialism are the immediate cause of the danger of a war which, if permitted, will devastate the world and set back civilization for generations.

The majority of Canadians, workers, farmers, professional and small business people, in both French and English-speaking Canada, are disturbed by the increasing instability of the capitalist system. They want governmental policies based frankly upon the concept that the first responsibility of government is to guarantee the social well-being, health, and economic security of the people. They want governmental action to stabilize the national income, employment and the home market. The majority of Canadians recognize that the Dominion Government could provide services such

as full national health insurance, old age pensions of \$50 per month starting at the age of sixty, veterans' pensions at least double the present scale, adequate pensions for the blind, and adequate Dominion government allowances for widowed mothers. Those measures and others of a similar character are financially possible in Canada today. They will be secured as quickly and to the extent that the working class and its democratic allies organize effective political action.

An inseparable part of the development of the consciousness of distinctive class interests, which enables the working people to act unitedly in their own political interests as a class, is the building of the working-class party dedicated to the historic task of the socialist transformation of society. This transformation can be accomplished only by raising the working class up from the status of a subordinate and exploited class to the status of the leading, and thereby the ruling class of our country.

When the *Communist Manifesto* was published in 1848 the Communist League was a propaganda society. Its members were in the leadership of working-class organizations in different countries, and participated actively as members of the Communist League in all the reform movements and revolutionary socialist activities of the day. Marx and Engels were critical of several of the leading British members of the League for their refusal to join wholeheartedly in the activities of the Chartists — excusing their inactivity by the argument that the Chartist movement was not really revolutionary. In those circumstances Marx and Engels wrote in the *Communist Manifesto*: "The Communists do not form a separate party opposed to other working-class parties." But, with the further development of capitalism, the influence of capitalist ideology infiltrated into all ranks of society, including the working people. Political movements and parties which were dominated by the fundamental concepts of capitalist society, started to speak in the name of the working class. Right-wing or, as it is sometimes

termed, petty-bourgeois opportunism, fostered by capitalism, replaced the ideal of a fundamental transformation of society with the "ideal" of reforming society without abolishing capitalist profits. With the development of these conditions, the founders of Scientific Socialism fought energetically for the building of distinct workers' parties, dedicated to the historic struggle to abolish all capitalist exploitation.

Frederick Engels wrote, with reference to the working class in the United States in 1886: "The first great step of importance for every country newly entering into the movement is always the organization of the workers as an independent political party, no matter how, so long as it is a distinct workers' party . . ."* In 1889 he wrote: "For the proletariat to be strong enough to conquer . . . it should form its own party, separated from all others and opposed to them, a class-conscious class party."**

Marx and Engels recognized the pernicious growth of opportunism as a decisive threat to the workers' parties. They fought passionately against every expression of opportunism, and against every proposal for political concessions to either a bourgeois ideology or petty-bourgeois prejudice. When right-wing elements in the leadership of the German Social-Democratic Party proposed to water down the class-struggle line of the Party's central organ, in the hope of thereby winning "numerous adherents from the circles of the educated and propertied classes," Marx and Engels promptly recognized the proposal as an attempt to undermine the class character of the party, and they fought it accordingly. Pointing out that contrary to the opportunists, men and women from classes other than the working class who joined the workers' party "should whole-heartedly adopt the proletarian point of view," they wrote the following striking summary of their own attitude towards opportunism in the Labor movement:

* *Correspondence of Marx and Engels*, Letter to Sorge, Nov. 29, 1886.

** *Ibid.*, Letter to Trier, Dec. 1889.

As for ourselves, in view of our whole past there is only one path open to us. For almost 40 years we have stressed the class struggle as the immediate driving force of history, and in particular, the class struggle between the bourgeoisie and the proletariat as the great lever of the modern social revolution; it is, therefore, impossible for us to co-operate with people who wish to expunge this class struggle from the movement. When the International was formed we expressly formulated the battle-cry: "The emancipation of the working class must be achieved by the working class itself." We cannot therefore co-operate with people who say that the workers are too uneducated to emancipate themselves and must first be freed from above by philanthropic bourgeois and petty bourgeois. If the new Party organ adopts a line corresponding to the view of these gentlemen, and is bourgeois and not proletarian, then nothing remains for us, much though we should regret it, but publicly to declare our opposition to it and to dissolve the solidarity with which we have hitherto represented the German Party abroad.*

To the unequivocal emphasis that Marx and Engels placed upon the necessity for "a distinct workers' party," and their unrelenting struggle to prevent revision of its fundamental political content, Lenin added emphasis upon the need for the workers' party to free the working-class movement from uncharted dependence upon the varying pressures of fortuitous events. Varying and transitory changes generate moods of radicalism or depression among the masses. Understanding of the significance of such moods is essential, and Lenin himself demonstrated that they can be given direction; but dependence upon them prevents the development of independent working-class consciousness and political action. Lenin proved that the workers need a Marxist workers' party to help them free themselves from the influence of capitalist ideology, to combat the fallacies of pseudo-socialist propaganda and to imbue ever-widening circles of working people with understanding of the principles of Scientific Socialism.

* * *

The necessity for a Party such as Marx and Engels and

* *Ibid.*, Letter from Marx and Engels to the members of the leadership of the German Social Democratic Party, Sept. 1879. pp. 376-77.

Lenin fought for, became urgent in Canada with the maturing of capitalism and the numerical growth of the working class. Developments are changing the role of the Labor movement, and workers are impelled increasingly to organize for working-class political action. This impulsion, coinciding from time to time with upsurges of democratic action has generated the substantial organization for Labor political action developed in Canada to date. But the direct reaction of the more active members of the Labor movement to the evident necessity for Labor political action, and the rise of social democracy in the form of the CCF, does not *reduce* the necessity for a workers' party, based firmly upon Marxism — it *intensifies* that need.

The Canadian working class needs a Marxist party to guard against the insidious danger of dependence upon elementary reaction to the pressure of events, bourgeois reformism and unprincipled opportunism. The trend of developments is towards tremendous and far-reaching changes. The Labor movement *must* play a vital role in determining whether the coming changes will be in the direction of social and political progress, or in the direction of social and political reaction. This creates the need for, and guarantees the growth of a distinct workers' party based firmly upon understanding of the historic role of the working class — a party which has no interests whatsoever apart from the interests of the working people. In the complicated and varying political struggles through which Labor has to battle in its advance to a socialist reorganization of society, the only type of party that can always represent the interests of the working class as a whole is a party based upon Marxism — a Communist party.

In Canada, as in all countries of the capitalist world, historic necessity is the source of the growing strength of the Communists — not foreign inspiration. The objective of the Communist movement is a higher civilization, a broader and richer democracy. As Lenin emphasized in the statement quoted earlier in this book, Socialism can be

achieved only through an all-sided development of democracy. Communists fight, always, on the side, aye in the forefront of the struggle for democracy and progress. The capitalist propaganda which asserts that Communists are anti-democratic seekers after a dictatorship of a minority over the majority is unscrupulous, lying, misrepresentation. Canadian Communists, along with the Communists in all countries, repudiate all theories or proposals which look to the forcible imposition of Socialism (or any other social change) upon the majority of the people. As Marx and Engels wrote in the *Communist Manifesto*: "All previous historical movements were movements of minorities, or in the interest of minorities. The proletarian movement is the self-conscious, independent movement of the immense majority, in the interests of the immense majority."

The enemies of democracy in Canada are those who oppose advanced reforms. They represent the interests which seek to undermine and set limits upon democratic progress.

Communists recognize the decisive role that violence has played, and is playing, in determining the direction of social development. We urge the Labor movement to make sure that a violent minority does not impose a regime of fascist reaction upon the people of Canada, as was the case in Italy, Germany and other countries. Some of the servants of the profit system and most of the capitalist journals twist that fact around to "justify" their lying assertions that the communists "advocate" violence. The best criterion of their sincerity in this matter is the fact that practically all of them praise United States war preparations as "measures to guarantee peace." They praised Mr. Louis St. Laurent's suggestion of a military union of all capitalist states against the USSR as high statesmanship. They praised his suggestion that if a communist government should come to power in any country it should be considered as cause for war. Such is the real attitude of those who try to persuade the people that communists want violence.

The central day-to-day task of the Communist movement in Canada, as in all countries, is to help the workers to learn through their own experience the political character of the struggle in which they are involved, and to help the masses of our people to advance, by their own efforts to establishment of the richer and more secure social order which is the destiny of mankind.

Marxism enables the workers' party to help the working class to learn through its own experience, and strengthens the political homogeneity of the workers' party in the process. This is illustrated in the history of the development of Marxism in Canada. Discussion of whether or not we should establish a Canadian Communist Party raged throughout the various socialist and other left-wing organizations for several years before the Party was finally established. Establishment of a Communist Party was opposed by those who maintained that a Marxist Party should deliberately limit its role to that of an educational and propaganda sect. Those who held that point of view were numerous and influential in the Labor movement at that time—in the organized socialist movement they were dominant. They sneered at the idea of a Party of the masses which would strive, by being a Party of action, to become a mass party. But the majority of left-wing workers were won to the idea. The founding of the Workers' Party of Canada in December 1921 marked the transformation of what had been a disorganized and ineffective Socialist movement, made up of rival and varied organizations and groups, into a unified national party. But it marked a much more fundamental change in the Canadian Marxists' conception of their own role. Through the struggle to convince socialist-minded workers of the sterility of self-limitation to propagandist activity, Canadian Marxists grasped collectively and publicly for the first time, the full content of Marx's famous thesis: "Philosophers have only interpreted the world in different ways; the point, however, is to change it."

At its Constituent Convention, the Workers' Party of Canada set itself three major tasks.

First — the Convention set the Party the task of overcoming the entrenched, sectarian idea that radicals should not join conservative trade unions. Against the proposal that the Workers' Party should recognize the One Big Union as the revolutionary trade union centre, to be supported by the entire left wing, the Convention called upon all left-wingers to join the international unions and committed the Party to a consistent long-term struggle for trade union unity in Canada.

The second major task set for the Party by its Constituent Convention was the development of united labor political action — the drawing of the trade unions into political activity as an organized force, preferably through a federated labor party.

Third — the Convention directed the newly formed Party to the great task of organizing the unorganized, thereby transforming the extremely weak trade union movement into a powerful influence in the country.

In the prosecution of those three tasks, contemporaneously with the day-to-day activities of the revolutionary movement, Canadian Communists initiated and led activities — organizational, economic and political — wage struggles, the campaigns for industrial unionism, strike actions, struggles for farm relief, for united political action, and against unemployment, and so on, which have provided the richest and most significant experience that the Canadian Labor movement has had to date. In the process the Communist movement itself was compelled by life to fight out various issues of doctrine within its own ranks. Thus, in the process of fighting for the development of the working-class movement as a whole, the political level of the Communist movement in Canada has been continuously raised.

During the 1920's, the Communist Party stood alone in the Canadian Labor movement in its fight against the carefully fostered illusion that North American capitalism could

provide permanent prosperity for all the people. The leaders of the AFL and several of the big international unions accepted that illusion, and adopted the position that conflict between the interests of the workers as a class, and the interests of the capitalist class, was disappearing. They discarded the conception of trade unionism as a movement of struggle. They sought to bind the members of the unions by big insurance policies and by involving the membership in large-scale investments. They sought to transform the unions into organizations to introduce speed-up and maintain uninterrupted production. In those circumstances bourgeois ideology became dominant in wide sections of the Labor movement. The demoralizing surge of capitalist ideology nourished by "permanent prosperity" propaganda, the late Henry Ford's economic nonsense about "Fordism," and the bourgeois political concepts of the leaders of the AFL, created conditions in which the Communist movement had to fight against anti-Marxist theories within its own ranks. Some demoralized elements tried to popularize a "theory" that United States capitalism was so strong that it could prevent cyclical economic crises in North America, even if the rest of the world should be engulfed. Seemingly in direct opposition to that theory, but actually impelled by the same pressure, other, and equally demoralized elements seized upon the anti-Marxist demagoguery of Leon Trotsky as a substitute for the hard, slogging work of "swimming against the current" in the capitalist prosperity of the 1920's.

The ideological struggle against those two perversions of working class policy within its own ranks, impressed indelibly into our movement a recognition of the supreme need for mastery of the theoretical principles of Marxism. The economic crisis, against which our Party had warned the workers, broke in the fall of 1929, a few months after the Party membership had rejected the "theory" of the "United States exceptionalists" that it could not happen here. The popular campaigns and intense struggles led by

our Party during the years which followed, illustrated to perfection the fact that a Communist party fights most consistently and unflinchingly for the day-to-day interests of the working class when it fights consistently for mastery of Marxism within its own ranks. That, indeed, is the essence of the thesis propounded by Marx and Engels in the *Communist Manifesto*: "The Communists fight for the attainment of the immediate aims, for the enforcement of the momentary interests of the working class; but in the movement of the present, they also represent and take care of the future of that movement."

* * *

In the fight for democratic advance through working-class action, Communists strive always to strengthen recognition of the distinctive interests of the working class as "a class for itself." We strive to spread and to strengthen consciousness of the revolutionary role of the working class simultaneously with the growing desire for national policies aimed towards the achievement for a greater Canada — greater, numerically, in our capacity to produce, and in the democratic cohesion of French and English-speaking Canadians.

Canada can be made great. This wide and rich and fruitful land of ours has space and productive possibilities to provide a good life for tens of millions more people. War-time experience proved that our people have the ability and the energy to utilize all of our country's magnificent resources, but capitalism, in its present stage of decay, cannot properly develop and utilize them.

We shall achieve national greatness by raising the standard of living and the quality of opportunity in Canada, up to and above the average beckoning Canadians to the United States. We can do that. Hired propagandists bleat that it is impossible; that "dividing up" the incomes of the very rich among the poor wouldn't make "very much difference." But they are betraying their own ignorance.

What the Communists propose is not simply a redivision of the wealth already in existence — although such a redi-

vision would make a great deal more difference than the apologists for capitalism dare to admit.* What Communists propose is to abolish the limitations that monopoly-capitalism imposes upon our national standard of living and the development of our productivity. The need is to open the way to unrestricted and continuous development of Canada's capacity to produce. We have the physical and technical possibilities "right at hand" to produce in Canada the "torrents of commodities" that Marx foretold, and to give every Canadian more leisure to enjoy them. Public policies which so expand production must of necessity include corresponding expansion of popular purchasing power and the systematic expansion of social security measures, so as to enable our people to consume the equivalent to all that is produced.

Then Canada can have a hospital in every township, and the satisfaction of doctors will reflect the percentage of their patients who are well. Then the enormous possibilities for irrigation — particularly of parts of the Prairie Provinces — will be developed as public undertakings for the benefit of the country as a whole. With the development of irrigation there will go an immense expansion of hydro-electric power development, with rural electrification and ever-cheaper power for the development of our natural resources. Then much of the vast stores of rich iron ore in northern Quebec and Labrador and on the northern shore of Lake Superior will be smelted in Canadian furnaces and rolled in Canadian mills, instead of all being exported to the United States as raw material so that Canada should always be short of steel for the development of her own industries. With systematic conservation and development of our natural resources, new industries will develop—such

* For example, incomes received as return upon investments in 1947 totalled \$2,318 million. It constituted no less than 21 per cent of all the money income received by the people of Canada. Divided equally among the 2,525,299 families in this country it would have added \$917 to the earned income of every family. Those who assert that "dividing up" wouldn't make any appreciable difference should learn the facts.

as those for utilization of coal at the pit head; those for utilization of the enormous volume of forest wealth that is now wasted or deliberately destroyed; those to serve communities which are far distant from the present centres of industry such as food processing plants in the Peace River district, and so on. With such public policies, there would be no crisis of housing such as that which has made it impossible for hundreds of thousands of Canadians to find a place to make themselves a home since the war.

Such is the path to a population of 20 or 25 million Canadians and a truly greater Canada. It is the path advocated and fought for by Canadian Communists ever since the Workers' Party of Canada was founded in 1921. It is the path that we fought for when we urged, during the 1920's, establishment of Canada's constitutional sovereignty. It is the path upon which our proposals for governmental measures to meet the great crisis were based in 1930-31 — the proposals which the Tory government answered by outlawing our Party and imprisoning its elected leadership. It is the path delineated and supported by conclusive statistical evidence in our brief submitted to the Rowell-Sirois Commission on Dominion-Provincial Relations in 1937. It is the path upon which the election platforms of our movement and our proposals upon public issues have been based consistently, right up to and including the Labor-Progressive Party's brief to the Dominion Cabinet on the housing problem, and our briefs, national and provincial, on the problem of railway freight rates.

Genuine national economic progress will be achieved as soon as, but only when we have national economic policies aimed at continual improvement and enrichment of the popular standard of living, limited only by our ability as a nation to produce — not by monopolies concerned only to maintain effective scarcity. The indispensable condition for that advance is working-class unity around policies based upon Marxism.

Canadian Communists base their attitude to every immediate issue upon that aim, because it is the only path to a greater Canada.

Measures which help to direct public policy towards organized development of our national economy are in the immediate interests of the overwhelming majority of Canadians. They serve their future interests also because, to the extent that they are achieved, they will bring democratic Canadians squarely up against the issue of Monopoly versus the People, and thereby before the alternatives of strengthening and advancing democracy in peace or subordinating democracy to preparations for another world war. Canadian Communists, in their Party and through the multifarious activities of the working class and its democratic allies, seek only to share with the other sections of the working-class movement in determining the attitudes and actions of the democratic forces of our country in this process.

* * *

Let there be no illusions as to the problems and difficulties that the working class will have to face. There is no ground whatsoever for the silly pretence maintained by most of the spokesmen for the CCF, that Canadian monopolists will fight less fiercely or by less unscrupulous methods than the monopolists in other countries have, in their effort to maintain their stranglehold upon our country and our national life. That pretence leads only towards acquiescence in the anti-labor war policies of Canadian imperialism. The methods resorted to by the Canada Steamship Lines against the Canadian Seamen's Union were more than evidence that corporate capital has not changed; they testify to the determination of corporate capital to destroy the legal status gained by the trade union movement during the war, if that can be done. The role of governments and courts in Canada, since the war, was exemplified by the brazen deportation of the vice-president of one of the big international unions of the CIO. It is evident that finance-capitalism is tightening up its anti-labor defences on all fronts. The demagogic,

fascist-type propaganda being utilized by capitalist politicians, and the increasing evidence that funds are being poured into a widespread attempt to revive fascist activities, combined with the sinister preparations for war, are all ominous warnings of the anti-democratic intentions of the monopolists.

Against the drive towards fascist reaction, however, there grows and strengthens the new popular consciousness of the possibilities of progress, and the vital need to maintain peace. The Labor movement continues to grow in Canada, and throughout the world. There is a growing recognition of the class, political, significance of working-class unity. A clear majority of all the people in capitalist countries are skeptical about the future of capitalism, and cynical concerning the policies and aims of capitalist governments. Territory covering a quarter of the land surface of the earth, with populations aggregating nearly 500 million people, have governments in which the Communists either lead or play a leading part. Hundreds of millions of people, in still other countries, are in the process of breaking away from finance-capitalist domination.

The monopolists will fight. They will strive to weaken Labor at home — by union smashing, by red-baiting, by bribing corrupt weaklings, by the use of capitalist governments and courts. They will strive to counteract the growing dynamic inspiration of Socialism abroad, by threats of war. They will fail in the one as they will in the other. Their system has had its day, and its day is done. As Lenin once wrote in commentary upon the character of our epoch: "We are living in a happy time, when the forecast of the great Socialists is beginning to come true."

Our aim is the triumphant advance of democracy. We proclaim, as Lenin proclaimed more than thirty years ago, that the struggle for the advance and extension of democracy is the path to Socialism. For finance-capitalist imperialism and those who direct its policies, the decisive need today is to re-establish its erstwhile domination of the world

market and economic development. The imperialists can see no possibility of achieving that except through war. In the conditions now prevailing — the climax of the epoch of the socialist transformation of the world — the maintenance of peace will be the triumph of democratic action which guarantees the consolidation of the New Democracy along a world-wide front. It will keep open the way for continued democratic advance in Canada towards the fundamental change by which, to paraphrase the famous words of the *Communist Manifesto*, we shall replace the profit system, with its soulless exploitation of man by man, its classes and class antagonisms, by a system which expresses the social relationships of economic and, thereby, political equals — a society in which, because of its collective ownership and direction of all the means of social production, the free development of each will be the condition for the free development of all. Such is the greater and richer Canada towards which we strive — a socialist Canada — contributing freely to, and sharing freely in the economic and cultural advance to the now approaching world triumph of Socialism.

Appendix I

The attitude of cartels toward the relation between their own policies and the policies of government is epitomized in the exchange of correspondence between Sir Harry McGowan, Chairman of the Board of Imperial Chemical Industries, and Lammot du Pont, of du Pont de Nemours, in May 1933. Sir Harry wrote:

"With a large organization such as we have, I find it is a good thing to issue such warnings from time to time—one went out at the time of the Ottawa Conference—so that everything possible is done to ensure that no prospective political or legislative action on the part of governments is permitted to influence relations between du Pont and ICI."

On June 17, 1933, Lammot du Pont replied as follows:

"I am much interested in what you say and have heartily approved your attitude toward our Patents and Processes Agreement and the relations between the two companies. I feel the same: namely, that our relations have been so happy and have produced such satisfactory results that we should let nothing in the way of international agreements interfere in any way with the progress we have made or may make in the future. If any legislation or international agreements are brought about which affect these ICI-du Pont relations I am sure we will be able to adjust ourselves so as to get the continued benefit of our agreement."

It is characteristic of many cartel agreements which are arrived at secretly and maintained in silence, that concealment of their provisions is motivated by the desire to avoid scrutiny of their operations by public authority. In some instances, the illegal nature of the terms of cartel agreements explains the cloak of secrecy which is cast over their provisions. Moreover, it is often stipulated in cartel agreements that, in the eventuality of action taken by government, the parties to the agreements shall co-operate in order to maintain their relationships despite anything that government may do.

There are numerous examples among the many agreements which have been investigated by the Department of Justice which clearly reveal the intent, as well as the necessity for secrecy from the point of view of the cartels. Thus, in a letter from Canadian Industries, Limited, to the du Pont Company, the writer states:

"In the course of recent meetings in connection with the new Patents and Processes Agreement, I understand a suggestion has been made by the du Pont legal representatives which will involve the new agreement making specific reference to the respective territorial rights of du Pont and ICI. I cannot help feeling that on broad grounds this is undesirable both from the viewpoint of CIL and of the major stockholders. For instance, should any investigation take place in Canada which will require the production of this agreement, the clause in question would automatically necessitate the production, in its turn, of the ICI and du Pont agreements: at least that is the way we would read it, and this would be bound to lead to publicity of a very undesirable nature in regard to the division

of world territories. My practical suggestion is that, as the detailed prior commitments are now to be dealt with in the form of a letter separate from the agreement (this at the suggestion of the du Pont legal representatives) it might be possible to include the point in question in that separate letter also."

The position of CIL has been described in the following manner by Lamot du Pont:

"We regard CIL as the vehicle of industrial effort for ICI and du Pont in Canada. The Canadian minority stockholders are investors who wish to place their money or allow it to remain, with the ICI-du Pont combination. The theory back of this CIL operation, so far as ICI and du Pont are concerned, is expressed in the old saying, 'Canada for Canadians,' meaning—the industrial operations of the partners in Canada are intended to be conducted through CIL. CIL was not set up to do anything else and has, we believe, never been considered so.

"If the above is correct, it seems to us to follow directly and as a matter of course that CIL shall stay in Canada and not spread out into other countries, either by laying down plants, exporting their products or licensing under their processes, unless both ICI and du Pont believe it is advantageous to so spread out, and then only to the extent and for the time and under the conditions that ICI and du Pont agree upon."

Because of those restrictions on its operations, CIL was unable to co-operate in the efforts made by the Canadian government to expand trade with the West Indies through the subsidization of steamship facilities from Canada to the West Indies and the establishment of favorable trade terms. Minutes of a meeting between ICI and CIL officials in Montreal on September 16, 1932, record that an officer of CIL had stated:

"CIL, in company with other Canadian firms, were subject to considerable pressure by their government to develop Canadian export trade with the West Indies, especially because the Canadian government was spending important sums in subsidizing steamship facilities with the West Indies. He felt that the CIL position with its government would be strengthened if free to quote on certain products—where necessary protecting ICI prices—as refusal to quote had led to complaints to the government on occasion in the past."

In 1932, du Pont objected to CIL exporting to ICI in England, "Pontan," a coated textile product developed by du Pont, on the ground that an exclusive sales agency for du Pont had been given to another company. However, in 1934 permission was given to CIL to fill an order for "Pontan" on payment of a commission to du Pont. In 1933 du Pont refused CIL permission to export pyralin toilet articles to Australia although such trade was encouraged under the preferential tariff with Australia.

Appendix II

CANADA HAS TWO COMPANIES WITH \$2 BILLION ASSETS

Canada has two \$2-billion companies and five corporations with assets of between one and two billion dollars.

Of 35 companies in the appended list having \$100 million or more in assets, nine are banks, eight insurance companies, seven utilities, two paper, two oil, two railways, two distillers, one mine, one steel, and one aluminum company.

The 35 companies having assets of more than \$100 million with comparisons with the previous year, are listed as follows:

	<i>Total Assets</i>	
	1946	1945
C.N.R.	\$2,303,355,017	\$2,286,511,876
Royal Bank	2,131,974,317	2,007,546,979
Bank of Canada	1,948,616,280	1,855,600,000
Bank of Montreal	1,843,985,587	1,715,934,320
C.P.R.	1,605,895,632	1,583,077,899
Canadian Bank of Commerce	1,441,581,729	1,284,320,784
Sun Life of Canada	1,161,485,438	1,093,193,828
Bank of Nova Scotia	696,175,430	613,517,014
Brazilian Traction, Light & Power	456,235,788	429,421,121
Bank of Toronto	367,672,216	356,361,556
Dominion Bank	340,385,162	306,203,365
Canada Life	339,508,795	320,437,385
Imperial Bank	326,506,999	269,765,880
Bell Telephone	326,381,857	273,918,745
Manufacturers Life	295,831,536	264,909,572
International Nickel	293,733,528	304,239,913
Great West Life	275,284,369	245,030,038
Mutual Life	269,560,078	252,033,689
Canadian International Paper	232,533,293	252,357,819
Montreal Power	249,645,335	250,529,054
Shawinigan W. & P.	202,170,101	192,114,757
Distillers-Seagram	201,373,083	190,873,495
Aluminum Ltd.	194,058,603	193,774,111
Confederation Life	188,180,567	174,122,812
Imperial Oil	186,859,300	189,799,968
Abitibi Pulp & Paper	178,177,089	193,256,345
International Petroleum	157,868,720	152,219,393
Provincial Bank	141,657,913	132,809,222
Gatineau Power	148,888,337	148,101,944
B.C. Power	138,224,623	135,987,750
Imperial Life	128,535,655	119,643,577
Mexican Light & Power	127,506,629	123,633,411
Steel Co. of Canada	113,011,894	107,857,520
North American Life	104,877,199	132,809,222
Hiram Walker, G & W	101,193,356	110,472,889

Appendix III

THE FINANCE-CAPITALIST OLIGARCHY OF CANADA

CANADIAN BANK OF COMMERCE

S. H. Logan, <i>Chairman</i>	Col. Walter Gow	H. S. Ambrose
A. E. Arscott	F. W. Cowan	A. V. Young
A. F. White	J. S. Duncan	I. Pitblado
G. A. Morrow	E. C. Fox	R. H. Reid
S. M. Wedd	H. M. Turner	H. R. MacMillan
G. R. Cottrelle	E. G. Burton	Gordon Farrell
A. N. Mitchell	C. W. Colby	John Stuart
J. P. Bickell	Hon. Donat Raymond	H. J. Fuller
J. S. McLean	J. C. Newman	Henry Borden
Rt. Hon. Sir Thomas White		W. P. Riley

LOGAN, Sydney Henry, TORONTO.

Chairman: Canadian Bank of Commerce. *Director:* Dominion Realty Co. Ltd.; Brazilian Traction, Light & Power Co.; Sao Paulo Electric Railway Co. Ltd.; Rio de Janeiro Tramway, Light & Power Co.; Brazilian Hydro Electric Co. Ltd.; Sao Paulo Tramway, Light & Power Co. Ltd.; Imperial Life Assurance Co. of Canada; Central Canada Loan & Savings Co.; Toronto Savings & Loan Co.; Western Assurance Co.; British American Assurance Co.; National Trust Co. Ltd.; Maple Leaf Gardens Ltd. *Member:* Toronto Advisory Board, Salvation Army.

ARSCOTT, Allan E., C.B.E., TORONTO.

President: Canadian Bank of Commerce; Dominion Realty Co. Ltd. *Director:* Canada Cycle & Motor Co. Ltd.; Canada Life Assurance Co.; Canadian Acme Screw & Gear Ltd.; Russell Industries Ltd.; Canadian Bank of Commerce (California).

WHITE, Arthur F., TORONTO.

Vice-President, Director & Member, Executive Committee: Canadian Bank of Commerce. *President:* Brompton Pulp & Paper Co. Ltd.; Crown Trust & Guarantee Co. *Chairman:* St. Lawrence Corp. Ltd. *Vice-President & Managing Director:* St. Lawrence Paper Mills Co. Ltd.; Lake St. John Power & Paper Co. Ltd. *Vice-President & Director:* Debenture & Securities Corp. of Canada. *Director:* Confederation Life Association; Toronto Mortgage Co.; Dominion & Anglo Investment Corp.; Union Gas Co. of Canada; Tri-Continental Corp.; Dominion Realty Co. Ltd.; Sangamo Ltd.; General Shareholdings Corp.; National Investors; Hollinger Consolidated Gold Mines Ltd.; The Wright Co. Inc.

MORROW, G. A., TORONTO.

President & Managing Director: Central Loan & Savings Co. *Chairman of Executive Committee & Director:* Imperial Life Assurance Co.

of Canada. *Vice-President & Director*: Canadian Bank of Commerce; National Trust Co. Ltd.; Western Assurance Co.; British American Assurance Co.; Burlington Steel Co. Ltd.; British-Canadian Insurance Co.; Imperial Guarantee & Accident Assurance Co.; British Empire Assurance Co. *Director*: Toronto Savings & Loan Co.; Dominion Realty Co. Ltd.

WEDD, Stanley Musgrave, TORONTO.

Vice-President, General Manager & Director: Canadian Bank of Commerce. *Vice-President*: Dominion Realty Co. Ltd.

WHITE, Rt. Hon. Sir Thomas, G.C.M.G., TORONTO.

Vice-President & Director: National Trust Co. Ltd. *Director*: Canadian Bank of Commerce; Brazilian Traction, Light & Power Co.; Rio de Janeiro Tramway, Light & Power Co. Ltd.; Sao Paulo Tramway, Light & Power Co. Ltd.; Canada Life Assurance Co.

MITCHELL, Alfred Newton, TORONTO.

Chairman: Canada Life Assurance Co. *Vice-President & Director*: National Trust Co. Ltd. *Director*: Canadian Bank of Commerce.

COTTRELLE, G. R., O.B.E., TORONTO.

Director: Canadian Bank of Commerce; Hamilton Bridge Co. Ltd.; Maple Leaf Gardens Ltd.; Foster Wheeler Ltd.; Abitibi Power & Paper Co. Ltd.; Brazeau Collieries Ltd. *Trustee*: National Sanitarium Association.

BICKELL, John P., TORONTO.

Chairman: McIntyre Porcupine Mines Ltd.; Castle-Tretheway Mines Ltd.; Maple Leaf Gardens Ltd. *President*: Belleterre Quebec Mines Ltd. *Member Executive Committee & Advisory Committee*: International Nickel Co. of Canada Ltd. *Director*: Canadian Bank of Commerce; National Trust Co. Ltd.; St. Mary's Cement Co. Ltd.; Imperial Life Assurance Co. of Canada; Wellesley Hospital.

McLEAN, J. Stanley, TORONTO.

President: Canada Packers Ltd. *Director*: Canadian Bank of Commerce; British Columbia Packers Ltd.; Windsor Court Apartments Ltd.

GOW, Col. Walter, K.C., TORONTO.

Director: Canadian Bank of Commerce; Brazilian Traction, Light & Power Co. & subsidiaries; Societe Anonyme du gaz de Rio de Janeiro; Sao Paulo Gas Co. Ltd. *Member*: Blake, Anglin, Osler & Cassels, (Barristers).

COWAN, F. W., TORONTO.

Director: Canadian Bank of Commerce.

FOX, E. C., TORONTO.

President & Managing Director: Canadian Cottons Ltd. *Vice-President & Director*: Canadian Bank of Commerce; Brazilian Traction, Light & Power Co.

TURNER, H. M., TORONTO.

President: Canadian General Electric Co. Ltd.; Toronto Board of

Trade. *Vice-President & Director*: Canadian Allis-Chalmers Ltd.
Director: Canadian Bank of Commerce.

DUNCAN, J. S. (Honorary Air Commodore) TORONTO.

President: Massey-Harris Co. Ltd.; Massey-Harris Co. Racine, Wisconsin. *General Chairman & Director*: United Welfare Fund. *Director*: Canadian Bank of Commerce; Canadian Chamber of Commerce; H. V. McKay Massey-Harris Pty. Ltd. Australia; Sunshine-Waterloo Co. Ltd.; Canada Cement Co. Ltd.; Page Hersey Tubes Ltd.; Cutting Tools & Gauges Ltd.; Argus Corp.; Odeon Theatres Ltd.; International Nickel Co. of Canada Ltd.; Canadian National Exhibition. *Member Executive Council*: Canadian Manufacturers' Association. *Governor*: Canadian Inter-American Association; Toronto Conservatory of Music; University of Toronto; Toronto Mendelssohn Choir; Victorian Order of Nurses. *Member*: National Research Council.

BURTON, E. G., C.B.E., TORONTO.

Managing Director: Robert Simpson Co. Ltd.; Simpson's Ltd. *Director*: Canadian Bank of Commerce; Toronto General Trusts Corp.

COLBY, Dr. C. W., MONTREAL.

President: Northern Securities Ltd. *Chairman & Director*: Remington Rand Ltd. *Vice-President & Director*: Asbestos Corp. Ltd.; Goulds Pumps Inc.; Dominion Wire Rope & Cable Co. Ltd. *Director*: Canadian Bank of Commerce; Moore Corporation Ltd.; American Sales Book Co. Inc.; Pacific Manifold Book Co. Inc.; Remington Rand Inc.; Brompton Pulp & Paper Co. Ltd.

AMBROSE, Howard S., HAMILTON.

Director: Canadian Bank of Commerce; Tuckett Tobacco Co. Ltd.

RAYMOND, Hon. Donat, WESTMOUNT, QUEBEC.

President: Canadian Arena Co.; Queens Hotel Co. Ltd. *Director*: Canadian Bank of Commerce; Montreal Refrigerating & Storage Ltd.; Canada Cement Co. Ltd.; Dominion Glass Co. Ltd.; Canadian International Paper Co.; National Breweries Ltd.; General Steel Wares Ltd.; Imperial Life Assurance Co. of Canada; Borden Co. Ltd. *President*: Trust General du Canada.

NEWMAN, John C., WESTMOUNT, QUEBEC.

President: General Steel Wares Ltd.; J. S. Mitchell & Co.; Baldwins (Montreal) Ltd. *Director*: Canadian Bank of Commerce; Canadian Car & Foundry Co. Ltd.; Price Bros. & Co. Ltd.; Montreal Trust Co.; Sherwin-Williams Co. of Canada Ltd.; Carter White Lead Co. of Canada Ltd.; Anglo-Canadian Telephone Co.

YOUNG, Alan Vernon, HAMILTON.

President & General Manager: Hamilton Cotton Co. Ltd. *President*: Canada Crushed Stone Ltd. *Vice-President & Director*: Cosmos Imperial Mills Ltd. *Director*: Canadian Bank of Commerce; Storms Contracting Co.; Remington Rand Ltd. (Canada).

PITBLADO, Isaac, K.C., LL.D., WINNIPEG.

Member: Pitblado, Hoskin, Bennett, Grundy & Drummond-Hay (Bar-

risters). *Vice-President & Director*: Western Grocers Ltd. *Director*: Canadian Bank of Commerce; Lake of the Woods Milling Co. Ltd.; Toronto General Trusts Corp.; Northern Public Service Corp. Ltd.; Mutual Life Assurance Co. of Canada; Winnipeg Electric Co.; Ventures Ltd.; Brown & Rutherford Ltd.

REID, Robert H., LONDON, ONT.

Managing Director: London Life Insurance Co. *President*: Housing Enterprises of Canada Ltd. & subsidiary companies; London Elementary Flying Training School. *First Vice-President*: Dominion Mortgage & Investment Association. *Director*: Canadian Bank of Commerce; Abitibi Power & Paper Co. Ltd.

MacMILLAN, Harvey Reginald, C.B.E., VANCOUVER, B.C.

President: H. R. MacMillan Export Co. Ltd.; Canadian Transport Co. Ltd. Canadian White Pine Co. Ltd.; Alberni Pacific Lumber Co. Ltd.; MacMillan Industries Ltd.; Alberni Plywoods Ltd.; Alpine Timber Co. Ltd.; Northwest Bay Logging Co. Ltd.; Shawinigan Lake Lumber Co. Ltd.; British Columbia Packers Ltd. *Vice-President & Director*: London & Western Trusts Co. Ltd. *Honorary Vice-President*: Overseas Education League. *Director*: Canadian Bank of Commerce; International Nickel Co. of Canada Ltd.; Vancouver Creosoting Co. Ltd.; Dominion Tar & Chemical Co. Ltd.; Forest Investment Co. Ltd.; Argus Corporation; Sino-Canadian Development Co. Ltd. *Member*: Canadian Advisory Board, Sun Insurance Office Ltd.; Canadian Chamber of Commerce; Advisory Council, Canadian Chamber of Commerce; National Board of Trustees, Citizens' Research Institute of Canada.

FARRELL, Gordon, VANCOUVER, B.C.

President: British Columbia Telephone Co.; Evans, Coleman & Gilley Bros.; Union Steamships of B.C. Ltd. *Vice-President & Director*: Neon Products of Western Canada; Anglo-Canadian Telephone Co.; McLennan, McFeeley & Prior Ltd.; Buckerfields Ltd. *Director*: Canadian Bank of Commerce; London & Western Trusts Co.; British Columbia Packers Ltd.; Clayburn Holdings Ltd.; British Columbia Cement Co. Ltd.; Canadian-Duncan Utilities Ltd.

BORDEN, Henry, C.M.G., K.C., TORONTO.

Partner: Borden, Elliott, Kelley, Palmer & Sankey (Barristers.) *Chairman of Canadian Board*: Norwich Union Life Insurance Society; Norwich Union Fire Insurance Society. *President*: Brazilian Traction, Light & Power Co. *Director*: Traders Finance Corp. Ltd.; Holt, Renfrew & Co. *Vice-Chairman, Board of Governors*: University of Toronto. *Member of Board of Trustees*: Toronto General Hospital; Wellesley Hospital.

RILEY, Wm. Pitt, WINNIPEG.

President & General Manager: Western Grocers Ltd.; Dominion Fruit Co. Ltd. *President*: W. H. Malkin Co. Ltd.; Great West Life Assurance Co. *Member, Winnipeg Advisory Board*: Toronto General Trusts Corp. *Director*: Canadian Bank of Commerce; Monarch Lumber Co. Ltd.; Affiliated Underwriters Ltd.; Manitoba Sugar Co.

BANK OF MONTREAL

Huntley R. Drummond, <i>Chairman</i>	D. C. Coleman	R. G. Ivey
G. W. Spinney, <i>President</i>	W. G. Murrin	E. Barbour
Maj.-Gen. Hon. S. C. Mewburn	Norman J. Dawes	C. F. Sise
Hon. Chas. A. Dunning	J. V. R. Porteous	G. C. Leitch
Hon. Lucien Moraud	J. A. MacAuley	L. J. Belnap
W. Sanford Evans	B. C. Gardner	R. A. Laidlaw
Ross H. McMaster	Chas. J. Burchell	Louis L. Lang
H. W. Molson	R. C. Berkinshaw	C. G. Heward
G. Blair Gordon	J. A. Humbird	H. G. Birks

DRUMMOND, Huntley R., MONTREAL.

Chairman: Bank of Montreal. *Honorary President:* Royal Trust Co.

Director: Canadian Bag Co. Ltd.; Canada & Dominion Sugar Co. Ltd.

SPINNEY, George Wilbur, C.M.G., WESTMOUNT.

President: Bank of Montreal. *Vice-President, Director & Member Executive Committee:* Royal Trust Co. *Director & Member Executive Committee:* Canadian Pacific Railway; Consolidated Mining & Smelting Co. of Canada Ltd. *Director:* Steel Company of Canada Ltd. Sun Life Assurance Co. of Canada; Montreal, London & General Investors Ltd.; Canadian Industries Ltd.; International Nickel Co. of Canada. *Member, Canadian Advisory Board:* Royal Exchange Assurance.

MEWBURN, Maj.-Gen. the Hon. S. C., P.C., K.C., C.M.G., HAMILTON.

Partner: Mewburn & Marshall (Barristers). *Chairman:* John Labatt Ltd. *Vice-President & Director:* Bank of Montreal; Mutual Life Assurance Co. *Director:* Bell Telephone Co. of Canada; Steel Co. of Canada Ltd.; Royal Trust Co.; Dominion Glass Co. Ltd.; Bordens Ltd.

GARDNER, Bertram Charles, M.C., WESTMOUNT.

Vice-President, General Manager & Director: Bank of Montreal.

President: Canadian Bankers Association. *Member Executive Committee:* Canadian Chamber of Commerce.

SISE, C. F., MONTREAL.

President: Bell Telephone Co. of Canada; North American Telegraph Co. *Vice-President & Director:* Bank of Montreal; Montreal Telegraph Co. *Director:* Maritime Telegraph & Telephone Co.; Northern Electric Co. Ltd.; Royal Trust Co.; Montreal, London & General Investors Ltd.; Mutual Life Assurance Co. of Canada; Consolidated Paper Corp. Ltd.; Liverpool & London & Globe Insurance Co.; Liverpool-Manitoba Assurance Co.; Globe Indemnity Co. of Canada; National Liverpool Insurance Co.; Guarantee Co. of North America.

HEWARD, C. G., MONTREAL.

Member: Holden, Heward, Hutchison, Cliff, Meredith & Ballantyne. *Director:* Bank of Montreal; Bovril (Canada) Ltd.; Bowaters Newfoundland Pulp & Paper Mills Ltd.; British Metal Corp. (Canada) Ltd. Consumer's Glass Co. Ltd.; Montreal, London & General Investors Ltd.; Montreal Light, Heat & Power Consolidated; Standard Life Assurance Co. (Canadian Board).

McMASTER, Ross Huntingdon, MONTREAL.

President: Steel Company of Canada. *Vice-President & Director:* West Kootenay Power & Light Co.; Consolidated Mining & Smelting Co. of Canada Ltd. *Director:* Bank of Montreal; Canadian Industries Ltd.; Canadian Pacific Railway Co.; Sun Life Assurance Co. of Canada; Canadian Pratt & Whitney Aircraft Co.; Royal Trust Co.; Northern Electric Co. Ltd.; American Iron & Steel Industries; Dominion Bridge Co. Ltd.; Consolidated Paper Corp. Ltd.; Ogilvie Flour Mills Co. Ltd.; Consolidated Bakeries of Canada Ltd.; Canadian Propellers Ltd.; Seignior Club Community Association. *Member Advisory Committee & Director:* International Nickel Co. of Canada Ltd.

BARBOUR, G. E., ST. JOHN, N.B.

Director: Bank of Montreal.

MOLSON, H. W., MONTREAL.

President: Molson's Brewery Ltd. *First Vice-President & Director:* Standard Clay Products Ltd. *Director:* Bank of Montreal; Ice Manufacturing Co.; Royal Trust Co.; Montreal Light, Heat & Power Consolidated; Beauharnois Light, Heat & Power Co.

GORDON, G. Blair, MONTREAL.

President & Managing Director: Dominion Textile Co. Ltd.; Montreal Cottons Ltd.; Drummondville Cotton Co. Ltd. *Director:* Bank of Montreal; Canadian Pacific Railway Co.; Penmans Ltd.; Paton Manufacturing Co.; Mutual Life Assurance Co. of Canada; Industrial Specialty Co. Ltd.; Canadian Car & Foundry Co. Ltd.; Dominion Oilcloth & Linoleum Co. Ltd.; Liverpool & London & Globe Insurance Co. Ltd. *Vice-President:* Ritz-Carlton Hotel Co. of Montreal Ltd.

DAWES, Norman J., MONTREAL.

President: Canadian Trade Corp. Ltd.; Ice Manufacturing Co. Ltd. *President, Managing Director & Member Executive Committee:* National Breweries Ltd. *Vice-President, Chairman of Executive Committee & Director:* Wabasso Cotton Co. Ltd. *Vice-President & Director:* Canadian Investment Fund Ltd. *Member of Executive Committee & Director:* Consolidated Paper Corp. Ltd.; Dominion Bridge Co. Ltd.; Dominion Engineering Co. Ltd.; Shawinigan Water & Power Co. Ltd. *Director:* Bank of Montreal; Canada Starch Co. Ltd.; B. J. Coghlin Co. Ltd.; Dominion Rubber Co. Ltd.; Lake of the Woods Milling Co. Ltd.; Royal Trust Co.; Canadian Arena Co.

PORTEOUS, J. V. R., MONTREAL.

President: Greenshields, Hodgson, Racine Ltd.; Canadian Wholesale Dry Goods Association. *Vice-President & Director:* Paton Manufacturing Co. Ltd. *Director:* Bank of Montreal; Sherbrooke Land & Water Power Co. Ltd.; Grace Dart Home Hospital; Canadian Chamber of Commerce.

BELNAP, L. J., MONTREAL.

President: Consolidated Paper Corp.; St. Maurice Valley Paper Co. Ltd.; Dominion Glass Co. Ltd. *Chairman:* U.S. Hoffman Machinery Co. *Chairman of Executive Committee & Director:* Worthington

Pump & Machinery Corp. (N.Y.). *Member Executive Committee & Director:* Bank of Montreal; Canadian Pacific Railway. *Director:* Worthington, Simpson Ltd. (London, England); Dominion Engineering Works Ltd.; Canadian Locomotive Co. Ltd.; Anticosti Shipping Co. Ltd.; Royal Trust Co.; Dominion Bridge Co. Ltd.; British American Oil Co. Ltd.

COLEMAN, D'Alton Corry, LL.D., D.C.L., MONTREAL.

Chairman, President & Member of Executive Committee: Canadian Pacific Railway Co. *Chairman:* Associated Screen News; Canadian Pacific Air Lines Ltd.; Canadian Pacific Steamships Ltd.; Consolidated Mining & Smelting Co. of Canada Ltd. *President:* Canadian Airways Ltd.; Canadian Australasian Line Ltd.; Quebec Salvage & Wrecking Co. Ltd.; Scottish Trust Co.; Seignior Club Community Association Ltd. *President & Vice-President (alternately):* Northern Alberta Railways Co.; Toronto Terminals Railway Co.; Vancouver Hotel Co. *Vice-President:* Toronto, Hamilton & Buffalo Railway. *Director:* Canadian Arena Co.; Canadian Pacific Express Co.; Metropolitan Life Insurance Co.; Minneapolis, St. Paul & Sault Ste. Marie Railway Co.; Royal Trust Co.; West Kootenay Power & Light Co.; General Theatre Corp. Ltd.; Odeon Theatres of Canada Ltd. *Member: Canadian Committee:* Hudson's Bay Co. *Chairman of Executive Committee:* Bishop's University. *Governor:* McGill University; Montreal General Hospital; Royal Victoria Hospital; Notre Dame Hospital.

LAIDLAW, R. A., TORONTO.

Secretary-Treasurer & Director: R. Laidlaw Lumber Co. Ltd. *Director:* Bank of Montreal; Consolidated Bakeries of Canada Ltd.; Maple Leaf Gardens Ltd.; Canada Life Assurance Co.; Central Canada Loan & Savings Co.; National Trust Co. Ltd.

DUNNING, Hon. Charles Avery, LL.D., MONTREAL.

President: Ogilvie Flour Mills Co. Ltd. *Member, Canadian Committee:* Hudson's Bay Co. *Director:* Bank of Montreal; Canadian Investment Fund; Consolidated Paper Corp.; Consolidated Bakeries of Canada Ltd.; Steel Company of Canada Ltd.; National Liverpool Insurance Co.; Liverpool & London & Globe Insurance Co. Ltd.; Liverpool-Manitoba Assurance Co.; Globe Indemnity Co. of Canada; Consolidated Mining & Smelting Co. of Canada Ltd.; Royal Trust Co.; Bell Telephone Co. of Canada; Sun Life Assurance Co. of Canada; Canadian Pacific Railway Co. *Chancellor:* Queen's University.

LEITCH, G. C.

President: Upper Lakes & St. Lawrence Transportation Co. Ltd.; Three Rivers Grain & Elevator Co. Ltd. *President & General Manager:* Toronto Elevators Ltd. *Director:* Bank of Montreal; Canada Bread Co. Ltd.; Chartered Trust & Executor Co. Ltd.; Canadian General Electric Co. Ltd.; Mutual Life Assurance Co. of Canada; Massey-Harris Co. Ltd.; Maple Leaf Milling Co. Ltd.

EVANS, W. Sanford, WINNIPEG, MANITOBA.

President: Sovereign Life Assurance Co. of Canada. *Publisher:* W. Sanford Evans Statistical Service. *Member Local Advisory Board:*

Huron & Erie Mortgage Corp.; Canada Trust Co. *Director*: Bank of Montreal; Gurney Northwest Foundry Co. Ltd.

MACAULAY, John A., K.C., WINNIPEG.

Vice-President: Western Assets Ltd.; General Assets Ltd. *Secretary & Director*: Safeway Stores Ltd.; Macdonalds Consolidated Ltd. *Director*: Bank of Montreal; Eldorado Mining & Refining Ltd.; Northern Wood Preserves Ltd.; Gunnar Gold Mines Ltd.; Canada Permanent Trust Co.; Canada Permanent Mortgage Corp. *Secretary-Treasurer & Director*: Ogama-Rockland Gold Mines Ltd.

MURRIN, W. G., VANCOUVER, B.C.

President: First Narrows Bridge Co. Ltd. *Director*: British Columbia Power Corp. Ltd.; Bank of Montreal; Dominion Bridge Co. Ltd.; London & Western Trusts Co. Ltd.; Mutual Life Assurance Co. of Canada; Gordon & Belyea Ltd.; Union Steamships Ltd.

LANG, Louis La Course, GALT, ONT.

President: The Lang Tanning Co.; Mutual Life Assurance Co. of Canada. *First Vice-President & Director*: Waterloo Trust & Savings Co. *Vice-President*: Colonization Finance Corp. *Director*: Bank of Montreal; Canada Colonization Association; Shurly-Dietrich-Atkins Co. Ltd.; Canadian Pacific Railway; Steel Company of Canada Ltd.; Ontario Research Foundation; Westeel Products Ltd.; Aridor Ltd.; National Steel Car Corp. Ltd.; Appleford Paper Products Ltd.; Grand River Railway Co.

IVEY, R. G., K.C., LONDON, ONT.

President: London Street Railway Co.; Northern Life Assurance Co. of Canada; London Realty Co. Ltd. *Director*: Bank of Montreal; Silverwood Dairies Ltd.; Canadian General Insurance Co.; Bathurst Power & Paper Co. Ltd.; Canadian International Paper Co.

MORAUD, Hon. Lucien, LL.D., K.C. (Senator; barrister) QUEBEC, P.Q.

Member: Moraud, Alleyn, Grenier & Le May. *President*: Les Prevoyants du Canada; Lake Edward Sanatorium. *Director*: Bank of Montreal; Wabasso Cotton Co. Ltd.; Standard Brands Ltd.; Citadel Brick Co.; Quebec Airways Ltd.; Sun Trust Co. Ltd.; Dominion Stores Ltd. Lewis Bros. *Member, Board of Governors*: Laval University.

HUMBIRD, J. A., VANCOUVER, B.C.

President: Seaboard Lumber Sales Co. Ltd.; Seaboard Shipping Co. Ltd.; Seaboard Owners Ltd. *Secretary*: Humbird Lumber Co. *Director*: First National Insurance Co. of America; General Casualty Co. of America; General Insurance Co. of America; Bank of Montreal.

BERKINSHAW, Richard Coulton, C.B.E., TORONTO.

Vice-President: General Manager & *Director*: Goodyear Tire & Rubber Co. of Canada Ltd., *Vice-President & Director*: Toronto Elevators Ltd., Easy Washing Machine Co. Ltd., *Treasurer & Director*: Goodyear Cotton Co. of Canada Ltd., Goodyear Improvement Co., *Director*: Crown Trust & Guarantee Co., Mutual Life Assurance Co. of Canada, Bank of Montreal, Economic Investment Trusts Ltd., *First Vice-President*: Canadian Manufacturers Association.

BIRKS, Henry Gifford, MONTREAL.

President: Henry Birks & Sons Ltd., Birmanco Ltd., Central Investment Corp., *Vice-President & Director:* Birks-Ellis-Ryrie Ltd., Henry Birks & Sons (B.C.) Ltd., Henry Birks & Sons (Western) Ltd., Birks & Dingwall Ltd., *Director:* Henry Birks & Sons (Montreal) Ltd., Bank of Montreal.

BURCHELL, Charles J., K.C., HALIFAX.

Member: Burchell, Smith, Parker & Fogo (Barristers); *Director:* Dominion Steel & Coal Corp.; Dominion Coal Co.; Halifax Shipyards Ltd.; Bank of Montreal; Canada Permanent Trust Co.

ROYAL BANK OF CANADA

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C. S. Riley	J. S. Norris	W. H. Malkin
G. Harrison Smith	Harold Crabtree	Hon. W. C. Woodward
Ray Lawson	P. F. Sise	John Burns
G. MacGregor Mitchell	A. B. Wood	B. L. Mitchell
J. MacGregor Stewart	G. H. Montgomery	Raymond Dupuis
G. A. Dobbie	J. D. Johnston	Edwin C. MacDonald
H. P. Robinson	N. C. Urqhart	H. H. Hewetson
S. G. Dobson, <i>President</i>	W. F. Angus	J. W. Grant MacEwan
G. W. MacDougall	Norman L. Leach	H. R. Milner
Lt. Col. W. E. Phillips		C. W. Stairs

DOBSON, S. G., MONTREAL.

President: Royal Bank of Canada; *President & Managing Director:* Globe Realty Corp. Ltd.; *Vice-President & Director:* Montreal Trust Co.

CROSS, Arthur, MONTREAL.

President: Dominion Steel & Coal Corp. Ltd.; Halifax Shipyards Ltd.; Cumberland Railway & Coal Co. Ltd.; Seaboard Power Corp. Ltd.; Security Fence Co.; Dominion Coal Co. Ltd.; St. Lawrence Steel & Wire Co. Ltd.; Peck Rolling Mills; Dominion Shipping Co.; Sydney & Louisbourg Railway Co.; Graham Nail & Wire Products Ltd.; Canadian Bridge Co. Ltd.; Canadian Steel Corporation Ltd.; Essex Terminal Railway; James Pender & Co. Ltd.; Nova Scotia Steel & Coal Co. Ltd. *Director:* Royal Bank of Canada; Acadia Coal Co. Ltd.; Old Sydney Collieries Ltd.; Canadian Collieries (Dunsmuir) Ltd.; Sun Life Assurance Co. of Canada; Canada Steamship Lines Ltd.; Montreal Trust Co.; Napierville Junction Railway. *President:* Eastern Car Co. Ltd.; Trenton Steel Works; Trenton Industries Ltd.

ANGUS, William Forrest, MONTREAL.

President & Managing Director: Dominion Bridge Co. Ltd. *President:* Dominion Engineering Works Ltd. *Member of Executive Committee & Director:* Bell Telephone Co. of Canada. *Vice-President & Director:* Royal Bank of Canada; Canadian Car & Foundry Co. Ltd. *Director:* Canadian Locomotive Co. Ltd.; Foundation Co. of Canada Ltd.; Northern Electric Co. Ltd.; Eastern Canada Steel & Iron Works Ltd.;

Charles Walmsley & Co. (Canada) Ltd.; Montreal Trust Co.; Montreal Light, Heat & Power Consolidated; Intercolonial Coal Co. Ltd.

NORRIS, John Stewart, MONTREAL.

President: Montreal Light, Heat & Power Consolidated; Montreal Coke & Manufacturing Co.; Keystone Transports Ltd. *Vice-President & Director:* Canadian Light & Power Co.; United Securities Ltd, *Director:* Royal Bank of Canada; Montreal Trust Co.; Imperial Life Assurance Co of Canada; Southmount Investment Co.

CRABTREE, Harold, C.B.E., MONTREAL.

Director: Royal Bank of Canada; Montreal Trust Co.; Dominion Tar & Chemical Co.; Sun Life Assurance Co. *Chairman:* Howard Smith Paper Mills Ltd.; Woods Manufacturing Co. Ltd.; Alliance Valley Paper Co. Ltd.; Don Valley Paper Co. Ltd.; Fraser Companies Ltd. *President:* Canada Paper Co.

SISE, P. F.

President: Northern Electric Co. Ltd.; Amalgamated Electric Corp. Ltd. *Director:* Royal Bank of Canada; Montreal Trust Co.; Dominion Tar & Chemical Co. Ltd.; Belding Corticelli Ltd.; Lake of the Woods Milling Co. Ltd.; Industrial Acceptance Corp. Ltd.; Bell Telephone Co. of Canada Ltd.; Dominion Engineering Works Ltd.; Sherwin-Williams Co. of Canada Ltd.; Price Brothers & Co. Ltd.; Dominion Bridge Co. Ltd.; Shawinigan Water & Power Co.; Canada Steamship Lines Ltd.

MacDOUGALL, W., K.C., MONTREAL.

Member: MacDougall, Scott, Hugesson & Macklaier (Barristers); *Vice-President & Chairman of Executive Committee:* Shawinigan Water & Power Co. *Vice-President:* Montreal Trust Co. *Director:* Royal Bank of Canada; Canadian Marconi Co.; Montreal Tramways Ltd.; United Securities Ltd.; Canadian Light & Power Co.

WOOD, Arthur Barton, F.I.A., F.A.S., F.A.I.A., MONTREAL.

President: Sun Life Assurance Co. of Canada. *Director:* Royal Bank of Canada; Crown Trust & Guarantee Co.; Howard Smith Paper Mills Ltd; Phoenix Assurance Co. of London, England.

MONTGOMERY, George H., K.C., D.C.L., LL.D., MONTREAL.

Vice-President & Director: Montreal Light, Heat & Power Consolidated; Canada Steamship Lines Ltd. *Director:* Royal Bank of Canada; Montreal Trust Co.; Dominion Bridge Co. Ltd.; Dominion Engineering Works Ltd.; Canadian International Paper Co. Ltd.; Dominion Steel & Coal Corp. Ltd.; Dominion Coal Co. Ltd.; North American Life Assurance Co.; Montreal Tramways Co.; United Securities Ltd.; Canadian Light & Power Co.; Canadian Spool Cotton Co.; Building Products Ltd.; United Corporations Ltd.; Investment Bond & Share Corp.; Montreal Coke & Manufacturing Co.; Provincial Transport Co.; Keystone Transports Ltd.; Southmount Investment Co.

JOHNSON, J. D., MONTREAL.

President: Canada Cement Co. Ltd. *Director:* Royal Bank of Canada; Citadel Merchandising Co. Ltd.; Belding-Corticelli Ltd.; Canadian

Foreign Investment Co. Ltd.; Howard Smith Paper Mills Ltd.; Montreal Trust Co.; Price Bros. & Co. Ltd.; Liverpool & London & Globe Insurance Co.; Montreal, London & General Investors Ltd.; Globe Indemnity Co. of Canada.

TAYLOR-BAILEY, W., MONTREAL.

Vice-President & General Manager: Dominion Bridge Co. Ltd. *Vice-President & Director:* Fairchild Aircraft Ltd. *Vice-President:* Eastern Canada Steel & Iron Works; Robb Engineering Works Ltd. *Director:* Royal Bank of Canada; Dominion Engineering Works Ltd.; Wabasso Cotton Co. Ltd.; National Breweries Ltd.; Robert Mitchell Co. Ltd.; National Drug & Chemical Co. of Canada Ltd.

MILNER, Horatio Ray, K.C., EDMONTON, ALBERTA.

Member: Milner, Steer, Dyde, Poirier, Martland, Bowker (Barristers). *President:* Canadian Western Natural Gas, Light, Heat & Power Co. Ltd.; North Western Utilities Ltd.; Canadian Utilities Ltd.; Anglo-Canadian Oil Co. Ltd.; Cadomin Coal Co. *Director:* Royal Bank of Canada; Calgary & Edmonton Corporation Ltd.; Home Oil Co. Ltd.; Burns & Co. Ltd.; North American Life Assurance Co.; Traders Finance Corp. Ltd.; Taylor, Pearson & Carson Ltd.; International Utilities Corp.; Lynx Yellowknife Gold Mines Ltd.; International Investment Corp.; Toronto General Trusts Corp.

RILEY, Conrad S., WINNIPEG.

President: Canadian Fire Insurance Co.; Canadian Indemnity Co.; Northern Trusts Co. *Member London Board & Chairman, Canadian Committee:* Hudson's Bay Co. *Vice-President & Director:* Winnipeg Electric Co. *Director:* Royal Bank of Canada; Great West Life Assurance Co.; Beaver Lumber Co.

LEACH, Norman L., WINNIPEG.

President: Searle Grain Co. Ltd. *Vice-President:* Home Grain Co.; Northland Elevator Co. *Vice-President & Director:* Manitoba Sugar Co. Ltd. *Member Advisory Committee:* Royal Trust Co. *Director:* Royal Bank of Canada; Grain Insurance & Guarantee Co.

SMITH, G. Harrison, TORONTO.

Director: Royal Bank of Canada; Imperial Life Assurance Co. of Canada; Canadian General Electric Co. Ltd.; Canadian General Investments Ltd.; Toronto General Hospital.

URQUHART, Norman C., TORONTO.

Vice-President & Member of Investment Committee: Davis Leather Co. *Director:* Royal Bank of Canada; Forty-Four Mines Ltd.; Chartered Trust & Executor Co.; Aunor Gold Mines Ltd.; Toronto Shipbuilding Co. Ltd.; Simpson's Limited; Robert Simpson Co. Ltd.; Maple Leaf Gardens Ltd.; San Antonio Gold Mines Ltd.; Noranda Mines Ltd.; Goldale Mines Ltd.

MITCHELL, G. MacGregor, HALIFAX.

President: G. P. Mitchell & Sons Ltd. *Director:* Royal Bank of Canada; International Power Co.; Nova Scotia Light & Power Co. Ltd.; Avon River Power Co. Ltd.; Foundation Co. of Canada Ltd.; Chester

Light & Power Co. *Member Advisory Board for Nova Scotia*: Royal Trust Co.

MITCHELL, Burnham L.

Vice-President & Director: Royal Bank of Canada. *Director*: Montreal Trust Co.

MCDONALD, Edwin C., OTTAWA.

Vice-President of Canadian Head Office: Metropolitan Life Insurance Co. *President*: Canadian Life Insurance Officers Association. *Vice-President & Director*: Culver Military Academy. *Director*: Royal Bank of Canada.

HEWETSON, H. H., TORONTO.

President & Director: Imperial Oil Ltd. *Director*: Royal Bank of Canada.

DUPUIS, Raymond, MONTREAL.

President: Dupuis Freres, Ltee.

STEWART, J. McGregor, C.B.E., K.C., HALIFAX.

Member: Stewart, Smith, McKeen, Covert & Rogers (Barristers). *Vice-President & Director*: Mersey Paper Co. Ltd.; Nova Scotia Light & Power Co.; Western Nova Scotia Electric Co. Ltd.; Annapolis Valley Power Co.; Chester Light & Power Co. Ltd.; Milton Hydro-Electric Co. Ltd.; Edison Light & Power Co.; Avon River Power Co. Ltd.; National Sea Products Ltd.; Nova Scotia Construction Co. Ltd. *Director*: Royal Bank of Canada; Mersey Shipping Co. Ltd.; United Service Corp.; Super Service Stations; Provincial Oils Ltd.; Maritime Steel & Foundries Ltd.; Maritime Paper Products Ltd.; Brandram-Henderson Ltd.; Montreal Trust Co.; Canada Cement Co. Ltd.; Moirs Ltd.; Cooke Motors Ltd.

STAIRS, Cyril W., HALIFAX.

President: Wm. Stairs, Son & Morrow Ltd. *Director*: Royal Bank of Canada; Consumers Cordage Co. Ltd.; Eastern Trust Co.; Moirs Ltd.; Starr Manufacturing Works Ltd.

ROSS, John Theodore (retired), QUEBEC, P.Q.

President: Quebec Fire Insurance Co. *Director*: Royal Bank of Canada.

DOBBIE, George A., GALT, ONT.

President: Newlands & Co. Ltd.; Stauffer-Dobbie Ltd.; Canadian Brass Co. Ltd.; Gypsum, Lime & Alabastine Canada Ltd. *Vice-President & Director*: Dominion Life Assurance Co.; Cockshutt Plow Co. *Director*: Royal Bank of Canada; Waterloo Trust & Savings Co.; Slingsby Manufacturing Co.; Mercury Mills Ltd.; United Corporations Ltd.; Frost & Wood Co.; British American Oil Co. Ltd.; Plateau Co. Ltd.; Minnesota & Ontario Paper Co.; Twin City Rapid Transit Co.

MALKIN, W. H., VANCOUVER.

President: W. H. Malkin Co.; Pacific Coast Fire Insurance Co. *Director*: Royal Bank of Canada; B.C. Pulp & Paper Co.; Northern Mortgage Co.; Dominion Life Insurance Co.

WOODWARD, Hon. W. C., VANCOUVER.

President: Woodward Stores Ltd.; C. Woodward Ltd. *Director:* Royal Bank of Canada; Union Steamships Ltd.; *Vice-President & Director:* Neon Products of Western Canada Ltd.

ROBINSON, Howard P., ST. JOHN, N.B.

Chairman: New Brunswick Publishing Co. *President:* New Brunswick Broadcasting Co.; Maritime Publishing Co.; Maritime Trust Co.; New Brunswick Telephone Co. *Vice-President:* R. D. Robinson Publishing Co. *Director:* Royal Bank of Canada; Canadian International Paper Co.; Bathurst Power & Paper Co. Ltd.; Famous Players Canadian Corp. Ltd.; Acadia Atlantic Sugar Refineries Ltd.; St. Martin's Telephone Co.; Canadian Pacific Railways; New Brunswick Cold Storage.

LAWSON, Ray, O.B.E., LONDON, ONT.

President: Lawson & Jones Ltd.; Lawson Litho & Folding Box Co. Ltd.; Royal Print & Litho Co. Ltd.; Maritime Paper Products Co. Ltd.; Granger Taylor Co. Ltd.; Mortimer Co. Ltd.; Harris Litho Co. Ltd. Industrial Litho Co. Ltd.; Canadian Sales Check Book Co. Ltd. *Chairman:* Federal Aircraft Ltd. *Vice-President & Director:* London & Western Trusts Co.; Fireproof Warehouses Ltd.; Holeproof Hosiery Co. Ltd. *Director:* Northern Life Assurance Co. of Canada; C. S. Hyman Co. Ltd.; Toronto General Insurance Co. Ltd.; Great Lakes Paper Co. Ltd.; Canadian General Investments Ltd.; Wm. Kennedy & Sons Ltd.; Third Canadian General Investment Trust Co.

BURNS, John, CALGARY, ALTA.

Chairman: Burns & Co. Ltd.; Palm Dairies Ltd.; Consolidated Fruit Co. Ltd. *President:* Burns Foundation Ltd.; P. Burns Holdings Ltd.; P. Burns Ranches Ltd.; P. Burns Coal Mines Ltd.; Metals Ltd. *Director:* Dominion Bridge Co. Ltd.; Royal Bank of Canada.

PHILLIPS, Lt.-Col. W. E., C.B.E., D.S.O., M.C., ORIOLE, ONT.

President: Duplate Canada Ltd.; Fibreglass Canada Ltd.; Research Enterprises Ltd. *Chairman:* Rogers Majestic Ltd.; Rogers Electronic Tubes Ltd. *Chairman, Member Executive Committee & Director:* Argus Corporation. *Director:* Royal Bank of Canada; Massey-Harris Co. Ltd.; Crown Trust & Guarantee Co. Ltd.; Davis Leather Co. Ltd.; Dominion Stores Ltd.; Pilkington Bros. (Canada) Ltd.; Confederation Life Association; Standard Chemical Co. Ltd.; Eastern Steel Products Ltd.; Sino-Canadian Development Co. Ltd.

MACEWAN, Grant, Professor of Animal Husbandry, University of Saskatchewan, SASKATOON, SASK.

Director: Royal Bank of Canada.

BANK OF NOVA SCOTIA

Russell Blackburn	Hon. F. B. McCurdy	S. J. Moore, <i>Chairman</i>
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W. J. Hastie	W. A. Winfield	Hon. W. D. Ross
E. C. Crockett	W. M. Birks	A. L. Ellsworth
W. C. Harris	Dr. W. W. White	J. Y. Murdoch
H. Mackay	F. P. Starr	Lt.-Col. J. D. Fraser
Sidney T. Smith	Christopher Spencer	Hon. Leighton McCarthy
L. A. Lovett	Brig.-Gen. C. H. MacLaren	

MOORE, S. J.

Chairman: F. N. Burt Co. Inc.; Moore Corporation Ltd.; American Sales Book Co. Inc.; Gilman Fanfold Corp.; Pacific Manifold Book Co. Inc. *Vice-President & Director:* Imperial Life Assurance Co. of Canada. *Director:* Northern Ontario Building Ltd.; Bank of Nova Scotia.

BURNS, Herbert D., TORONTO.

President: Bank of Nova Scotia. *President & Chairman of the Board:* Crown Life Insurance Co. *Director:* National Trust Co.

ROSS, Hon. W. D.

President: Northern Ontario Building Ltd. *Vice-President & Director:* Burlington Steel Co. Ltd.; Bank of Nova Scotia. *Director:* International Power Co. Ltd.; Canadian General Electric Co. Ltd.; Eastern Trust Co.; Acme Gas & Oil Co.; Dominion Foundries & Steel Ltd.; Oil Selections Ltd.; Chateau-gai Wines Ltd.; Theater Properties (Hamilton) Ltd.

McCARTHY, Hon. Leighton

Chairman of Investment Committee & Director: Canada Life Assurance Co. *Chairman:* National Trust Co. Ltd. *Vice-President & Director:* General Canada Loan & Savings Co.; Toronto Savings & Loan Co.; Saguenay Power Co. Ltd.; Union Carbide Co. of Canada Ltd.; Canadian National Carbon Co. Ltd.; Prest-O-Lite Co. of Canada Ltd.; Dominion Oxygen Co. Ltd.; Electro Metallurgical Co. of Canada Ltd.; British American Assurance Co.; Western Assurance Co. *Director:* Aluminum Co. of Canada Ltd.; Bank of Nova Scotia.

ELLSWORTH, A. E.

Chairman: British American Oil Co. Ltd.; Toronto Iron Works Ltd. *President:* International Metal Industries Ltd. *Director:* Noranda Mines Ltd.; Bank of Nova Scotia; Canadian Copper Refiners Ltd.; Chartered Trust & Executor Co.; Waite-Amulet Mines Ltd.; Maple Leaf Gardens Ltd.; Hallnor Mines Ltd.; Aunor Gold Mines Ltd.; Amulet Dufault Mines Ltd.; British American Oil Producing Co.; Toronto Pipe Line Co.

MURDOCH, J. Y., K.C., O.B.E.

President: Noranda Mines Ltd.; Pamour Porcupine Mines Ltd.; Hallnor Mines Ltd.; Norbeau Mines (Quebec) Ltd.; Canadian Copper Refiners Ltd.; Canada Wire & Cable Co. Ltd.; Office Specialty Mfg. Co. Ltd.; Waite-Amulet Mines Ltd.; Goldale Mines Ltd.; Compania

Minera La India; Aunor Gold Mines Ltd.; Amulet Dufault Mines Ltd.; Emprea Minera de Nicaragua; Kerr-Addison Gold Mines Ltd.; Omega Gold Mines Ltd. *Vice-President & Director*: Maple Leaf Gardens Ltd.; Kenville Gold Mines Ltd.; Pacific (Eastern) Gold Mines Ltd. *Director*: Quebec Gold Mining Corp.; Rolland Paper Co. Ltd.; Wright-Hargreaves Mines Ltd.; British American Oil Co. Ltd.; Hollinger Consolidated Gold Mines Ltd.; National Malartic Gold Mines Ltd.; Bank of Nova Scotia; International Bond & Share Corp.; Mutual Life Assurance Co. of Canada; Sino-Canadian Development Co. Ltd.; China Insurance Co. Ltd.; Canadian Management Co. Ltd.; Cariboo Gold Quartz Mining Co. Ltd.; Labrador Mining & Exploration Co. Ltd. *Member Canadian Advisory Committee*: Union Insurance Society of Canton Ltd.

LOVETT, L. A.

Director: Bank of Nova Scotia; Halifax Insurance Co.

McCURDY, Hon. F. B.

President: Eastern Trust Co.; The Chronicle Co.; Halifax Insurance Co.; Eastern Utilities Ltd.; Halifax Chronicle; Halifax Daily Star. *Vice-President & Director*: Bank of Nova Scotia; Canadian General Electric Co. Ltd.

MacDOUGALL, Dr. J. G.

President: Maritime Life Assurance Co.; Blue Mountain Investments Ltd. *Director*: Halifax Insurance Co.; Bank of Nova Scotia.

WINFIELD, W. A.

President & Managing Director: Maritime Telegraph & Telephone Co.; Eastern Electric & Supply Co. Ltd. *Managing Director*: Atlantic Utilities Ltd.; Island Telephone Co. Ltd. *Director*: Bank of Nova Scotia; Eastern Utilities Ltd.; Eastern Telephone & Telegraph Co. Ltd. *Vice-President*: Atlantic Manganese Co. Ltd.

BIRKS, W. M.

Chairman: Henry Birks & Sons Ltd.; Birks-Ellis-Ryrie Ltd. (Toronto). *Director*: Sun Life Assurance Co.; National Trust Co. Ltd.; Bank of Nova Scotia; Henry Birks & Sons (B.C.) Ltd.; Birmanco Ltd. *Vice-President*: Federation of Chambers of Commerce of the British Empire.

WHITE, Dr. W. W.

Member Advisory Committee: Eastern Trust Co., St. John Branch. *Director*: Bank of Nova Scotia.

STARR, F. P.

President: Turnbull Real Estate Co.; R. P. & W. F. Starr Ltd.; Admiral Beatty Hotel Co.; *Vice-President & Director*: Eastern Trust Co. *Director*: Cornwall & York Cotton Mills Co.; James Pender & Co.; Bank of Nova Scotia.

SPENCER, Christopher

President: David Spencer Ltd.; Victoria Daily Times. *Vice-President & Director*: B.C. District Telegraph & Delivery Co.; Pacific Great Eastern Railway Co. *Director*: Pacific Coast Fire Insurance Co.;

North American Life Assurance Co.; First Narrows Bridge Co. Ltd.; Bank of Nova Scotia; Individual Underwriters.

SMITH, Sidney T.

President: Reliance Grain Co. Ltd.; Province Elevator Co.; Alliance Grain Co.; Smith Murphy Co. Inc. *Director:* Canada Steamship Lines Ltd.; Bank of Nova Scotia; Ogilvie Flour Mills Co. Ltd.; Northern Trust Co. *President:* British & Foreign Bible Society (Canada & Newfoundland).

FRASER, Lt.-Col. J. D., V.D., A.D.C.

President: Ottawa River Forest Protective Association; Dominion of Canada Rifle Association. *President & Director:* J. B. Fraser Ltd. *Manager:* Fraser & Co. *Director:* Bank of Nova Scotia; Perley Home for Incurables.

MacLAREN, Brig.-Gen. C. H., C.M.G., D.S.O.

President: MacLaren Power & Paper Co. *Director:* MacLaren-Quebec Power Co.; James MacLaren Co.; Bank of Nova Scotia; Toronto General Trusts Corp.

MACKAY, Hugh, M.L.A., ST. JOHN, N.B.

Partner: Hugh Mackay & Co., Members Montreal Stock Exchange. *President:* W. C. Pitfield & Co. Ltd.; Canadian International Investment Trust Ltd.; Second Canadian International Investment Trust Ltd.; J. J. McFadden Lumber Co. Ltd.; Huron Forest Products Ltd.; Sussex Ginger Ale Ltd.; Eastern Textile Products Ltd.; Export Merchandising Ltd.; General Theatres Investment Ltd. *Vice-President & Director:* Canadian Machinery Corp. Ltd.; Synthetic Resins Ltd.; Rolland Paper Co. Ltd. *Director:* Standard Chemical Co. Ltd.; British Columbia Forest Products Ltd.; Ottawa Light, Heat & Power Co. Ltd.; Donnacona Paper Co. Ltd.; North American Elevators Ltd.; Windsor Hotel Ltd.; Maritime Trust Co. Ltd.; Anglo-Canadian Telephone Co.; United Amusement Corporation Ltd.; Madsen Red Lake Gold Mines Ltd.; Wabasso Cotton Co. Ltd.; Eastern Trust Co.; Associated Telephone & Telegraph Co.; Bank of Nova Scotia.

KILPATRICK, J. A.

President: Dominion Wheel & Foundries Ltd. *Chairman:* Canada Iron Foundries Ltd.; *Director:* Canadian Bronze Co. Ltd.; Dominion Tar & Chemical Co. Ltd.; Nova Scotia Steel & Coal Co. Ltd.; Bank of Nova Scotia; Royal Trust Co.

BLACKBURN, Russell, OTTAWA.

Vice-President & Director: Blackburn Bros. Ltd. *Director:* Bank of Nova Scotia. *Member of Ottawa Advisory Board:* Toronto General Trust Corp.

HASTIE, W. J., TORONTO.

Vice-President, Secretary & Director: Central Canada Loan & Savings Co. *President:* Toronto Savings & Loan Co.; British Columbia Cement Co. Ltd. *Director:* Canada Real Estate Co. Ltd.; Provident Investment Co. Ltd.; Canadian Securities & Land Corp. Ltd.; National Trust Co.; Western Assurance Co.; British American Assurance Co.; Bank of Nova Scotia.

HARRIS, W. C., TORONTO.

President & Director: W. C. Harris & Co. Ltd. *Director:* Bank of Nova Scotia; Canada Packers Ltd.; Toronto General Trusts Corp.

CROCKETT, Edwin C., TORONTO.

Executive Vice-President: Bank of Nova Scotia.

DOMINION BANK

C. H. Carlisle, *President*

C. A. Bogert, *Chairman of Board*

R. S. McLaughlin, *Vice-President*

Maj.-Gen. D. M. Hogarth

Col. Hon. E. W. Hamber

A. St. Clair Gordon

Col. Hon. H. A. Bruce

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J. D. Eaton

J. Allan Ross

C. B. Shields

J. M. Pigott

J. M. Mackie

R. J. Gourley

H. H. Williams

A. W. Holmsted

J. A. Mathewson

L. D. M. Baxter

W. B. Tannahill

Robert Rae

R. Y. Eaton

CARLISLE, C. H., TORONTO.

President: Dominion Bank; Canada Bread Co. Ltd.; Wellesley Hospital Ltd. *Chairman, Finance Committee:* Goodyear Tire & Rubber Co. of Canada Ltd. *Director:* Dominion Bridge Co. Ltd.; Canadian General Investments Ltd.; Montreal Trust Co.

BOGERT, C. A., TORONTO.

Chairman: Dominion Bank. *Director:* Canada Life Assurance Co. *Hon. President:* Canadian Bankers Association.

McLAUGHLIN, Col. Robert Samuel, OSHAWA.

Chairman: General Motors of Canada Ltd. & subsidiaries. *Vice-President & Director:* General Motors Corp. (U.S.A.); Dominion Bank. *Director:* Canadian Pacific Railway Co.; International Nickel Co. of Canada Ltd.; Consolidated Mining & Smelting Co. of Canada Ltd.; McIntyre-Porcupine Mines Ltd.; Canadian General Electric Co. Ltd.; Royal Trust Co.; Ontario Jockey Club; Moore Corporation Ltd.

RAE, Robert, TORONTO.

Vice-President, General Manager & Director: Dominion Bank. *Vice-President:* The Penny Bank of Ontario; Canadian Chamber of Commerce. *Director:* Kellogg Co. of Canada Ltd.

BRUCE, Col. the Hon. Herbert Alexander, M.D., LL.D.,

L.R.C.P.F.A.C.S., F.R.C.S., TORONTO.

President: Federal Fire Insurance Co. of Canada. *Vice-President & Director:* Wellington Fire Insurance Co.; Crown Trust & Guarantee Co. Ltd. *Director:* Dominion Bank. *Governor:* University of Toronto.

EATON, Col. R. Y., TORONTO.

President: Eaton Knitting Co. Ltd. *Director:* The Royal Bank; National Trust Co. Ltd.

EATON, J. D., TORONTO.

President: T. Eaton Co. Ltd.; T. Eaton Co. Ltd. of Montreal; T. Eaton Co. Maritimes Ltd.; Canadian Department Stores Ltd.; T. Eaton Drug Co. Ltd.; T. Eaton Life Assurance Co.; T. Eaton Co. Wes-

tern Ltd.; T. Eaton Realty Co. Ltd.; T. Eaton Co. Saskatchewan Ltd.
Hon. Director: Canadian National Exhibition. *Director:* Dominion Bank; Air Cadet League of Canada, National Board.

HOLMESTED, A. W., K.C., TORONTO.

Partner: Holmsted, Sutton, Hill & Kemp. *President:* Dominion Telegraph Securities Ltd.; Page Hersey Tubes Ltd. *Director:* Dominion Bank; Canada Bread Co. Ltd.; Morrison Brass Corp. Ltd.; Toburn Gold Mines Ltd.; Anthes-Imperial Ltd.; Empire-Hanna Coal Co. Ltd. *Voting Trustee & Director:* Lombard Realty Co. Ltd.

ROSS, James Allan

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President: John Northway & Sons Ltd. *Vice-President & Director*: Scottish-Canadian Assurance Corp.; General Accident Assurance Co.; Northway Co. Ltd. *Director*: Canadian Cannery Ltd.; Howey Gold Mines Ltd.; Imperial Bank of Canada.

WOODS, W. B.

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McCAGUE, J. J. E. (Farmer & livestock breeder)

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TURGEON, L. P., QUEBEC, P. Q.

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TESSIER, Joachim des Rivieres, QUEBEC, P. Q.

Director: Banque d'Economie de Quebec. *Member*: Engineering Institute of Canada.

LABREQUE, Ernest, QUEBEC, P. Q.

Director: La Banque d'Economie de Quebec.

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Director: Montreal City & District Savings Bank.

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Member: Beaulieu, Gouin, Bourdon, Beaulieu, (Barristers). *Director*: Montreal City & District Savings Bank; Excelsior Life Insurance Co.

HACKETT, John T., K.C., MONTREAL.

Vice-President & Director: New Calumet Mines Ltd. *Director:* Montreal City & District Savings Bank.

VANIER, Guy, K.C., MONTREAL.

Partner: Vanier & Vanier (Barristers). *Director:* Montreal City & District Savings Bank; Montreal City & District Trustees Ltd.; La Caisse National d'Economie. *Professor of Economics & Member of:* Administration Committee, University of Montreal.

BENSON, George F., WESTMOUNT, P.Q.

Chairman: Canada Starch Co. *Trustee:* Canadian Assurance Co. *Director:* Montreal City & District Savings Bank; West Kootenay Power & Light Co. Ltd.

SMYTH, T. Taggart, MONTREAL.

General Manager & Director: Montreal City & District Savings Bank. *Vice-President:* Montreal City & District Trustees Ltd. *Director:* Guardian Insurance Co.; Geo. R. Prowse Range Co.

LALLEMAND, Jean C.

Director: Montreal City & District Savings Bank. *Vice-President & Director:* Fred A. Lallemand Refining Co. of Canada Ltd.; Fred A. Lallemand & Co. Ltd.

GROULX, Henri.

Director: Montreal City & District Savings Bank.

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W. O. Stevenson

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STEVENSON, Harold Alfred

President: Barclays Bank (Canada); Barclays Trust Co. of Canada.

CHEYNEY, William Basil, MONTREAL.

Secretary: Barclays Bank (Canada).

VALE, John, Howard Guy Faulkner, WESTMOUNT, P. Q.

General Manager & Director: Barclays Bank (Canada). *Managing Director:* Barclays Trust Co. of Canada.

CROSSLEY, J. S.

Director: Barclays Bank (Canada).

STEVENSON, W. O.

Director: Barclays Bank (Canada)

McTIER, W. S. M.

Director: Barclays Bank (Canada).

GINGELL, C. A.

Director: Barclays Bank (Canada).

BEVAN, L. E. D.

Director: Barclays Bank (Canada).

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